



The Alternative Investor

Performance

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Secondaries market moves to centre stage

This secondaries-focused edition looks at how the market has moved into the allocation mainstream, with liquidity central to the private markets conversation. **WIM's Thomas Pocock** examines secondaries as a more diversified and naturally liquid entry point for private markets investors, while questioning immediate mark-ups from discounted purchases back to NAV in evergreen structures. **TPE's Fred Bouverat** looks at how the London Stock Exchange's Private Securities Market and the TPEIC structure could create recurring liquidity in private company shares, opening private markets to pension and retail-facing capital. **Multiplicity Partners' Andres Hefti** explores continuation funds and other GP-led tools, with opportunities increasingly found in smaller, more complex and less crowded deals. **CSC's Jonida Vesiu** considers how secondaries, tender offers, private trading venues and PISCES are turning liquidity into a more permanent layer of private-market infrastructure. In our regular sections, **Prosek Partners' Mark Kollar** picks up the Wimbledon mood in **Letter from America**, looking at tennis as the latest sport to attract private markets capital. **CAIA's Aaron Filbeck** looks at AI investing through the stack, from models and platforms to infrastructure, applications and the companies using AI to build stronger margins and moats. **AIMA's Tom Kehoe** draws on AIMA and Marex's emerging manager survey, while in the **Money Maze interview**, **Simon Brewer** talks to **Freshfields' Alan Mason** about law, capital and cross-border complexity.



Equities outpace macro

June suited equity managers more than macro and by close of the month, the HFRI Fund Weighted Composite Index was up 0.4%, taking the year-to-date figure to 7.6%. This was a month when markets tried to price Trump's Middle East endgame. He wanted a resolution with Iran, but how he gets there remained unclear. We saw hard lines, climbdowns, deal talks, renewed threats, and new rounds of negotiation. Oil priced that uncertainty brutally.

Equity funds performed well. The HFRI Equity Hedge (Total) Index was up 1.3% for the month and 10.1% year-to-date. Healthcare led the way, up 6.1%, while Technology also had a strong month, up 4.4%. Multi-Strategy gained 2.5%, Long/Short Directional was up 1.2% and Fundamental Value added 0.5%. The weak spot, unsurprisingly given the fall in oil, was Energy/Basic Materials, which fell 3.2%.

The HFRI Event-Driven (Total) Index was only marginally behind equities, up 1.2%. Activists were out in front, up 2.0%, followed by Distressed/Restructuring, up 1.8%, and Special Situations, up 1.6%. Credit Arbitrage was down 1.5%.

Macro had a tougher month, with the HFRI Macro (Total) Index down 1.5%. Oil again weighed on the space, with the Commodity Index down 3.4%. Discretionary Macro fell 1.5%, just behind Systematic Diversified, down 1.4%, and Trend Following, down 1.2%.

Relative Value was steadier, with the HFRI Relative Value (Total) Index up 0.3% and a reasonably narrow spread between the best and worst performers. Yield Alternatives was the strongest sub-index, up 1.8%, followed by Fixed Income Sovereign, up 0.5%. Volatility was the weakest, down 0.8%.

Regionally, India was back in the driving seat, up 4.3% for the month, although it remains down 7.2% year-to-date. North America was up 1.9% and Western/Pan Europe gained 1.1%. Japan fell 2.8%, while LatAm was also down 1.4%.

*Data sourced from [HFR](#)

Upcoming Events

20 July 2026
ALTSCHI

21 July 2026
ETHWomen Toronto

21 July 2026
Blockchain Futurist Conference

22 July 2026
Private Equity Chicago Forum 2026

27 July 2026
Family Office & Private Wealth Management Forum 2026

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\$233bn

Global secondary transaction volume in 2025

Source: Lazard

68%

North America's volume of secondaries in 2025

Source: Campbell Lutyens

\$49bn fund for the AI capital stack

Abu Dhabi's MGX closed one of the largest AI funds yet, raising \$49 billion for its first vehicle. The firm, backed by Mubadala and G42, is already an investor in OpenAI and Anthropic, but the fund's scale points to a broader shift in how AI is being financed. The money is not just chasing model companies. AI has become a data centre, semiconductor, power and infrastructure story, with huge capital requirements sitting behind the software layer. MGX is looking to back that wider chain, from compute and chips to platforms and AI infrastructure businesses. The close puts sovereign-backed capital at the centre of the AI build-out. It also shows how quickly the sector has moved from venture-style growth rounds into something closer to infrastructure finance, where scale and patience matter.

A private credit split

Hayfin Capital Management's €15 billion-plus direct lending raise is another reminder that private credit is not moving in lockstep. The firm's latest flagship fund was already more than 50% deployed at final close, with capital invested across more than 35 companies. That matters in a market where LPs are looking harder at whether managers can actually originate and deploy, rather than simply raise another vehicle under the private credit banner. The close also sharpens the contrast inside the asset class. Semi-liquid credit funds are under greater scrutiny when investors test redemption terms, but closed-end institutional strategies are still attracting large commitments where the lending mandate is clear and cash flows can be underwritten.

Clearlake closes \$14.8bn flagship fund

Clearlake Capital Group closed Clearlake Capital Partners VIII with \$14.8 billion in commitments, including co-investment capital and separately managed accounts. The Santa Monica manager now has around \$185 billion in AUM, helped by a run of expansion across private equity, credit and private wealth. The new flagship is only slightly larger than its \$14.1 billion predecessor, but the timing matters, landing after a long fundraising period and in a market where many LPs remain constrained by slow exits and crowded allocation books. Clearlake is expected to keep focusing on technology, industrials and consumer businesses. AI disruption will feed into the investment case across parts of the portfolio.

UPDATES (cont.)

Property stress trade pulls in fresh capital

Starwood Capital Group's \$10.2 billion opportunistic real estate fund close is a useful marker for where allocator appetite still exists in property. The broader real estate story has been dominated by pressure rather than expansion, weighed down by higher debt costs, thin transaction volumes, stale marks and, in some semi-liquid vehicles, redemption queues. Blackstone's BREIT became the reference point for that tension, with a product designed to offer periodic liquidity suddenly judged by how much liquidity it could provide when investors wanted cash back. Starwood's raise sits on the other side of the same market. Distressed and opportunistic managers are not trying to argue that property has normalised. They are raising capital because parts of the capital stack still have not. Refinancing gaps, forced sellers and assets marked above clearing prices are exactly the conditions these funds are meant to exploit.

Asset-based finance fund draws \$8.5bn

Ares Management raised \$8.5 billion for Pathfinder III, closing the asset-based finance fund above its original \$6.5 billion target and at an increased hard cap. The strategy backs credit linked to assets such as data centres, railcars, music royalties and car leases. Ares also secured around \$4 billion of extended commitments from investors in the previous Pathfinder vintage, taking investable capital across the strategy to \$12.7 billion. The close gives Ares more scale in asset-based finance, a part of private credit where the firm has been building around large pools of contractual cash flows rather than traditional corporate lending alone.

Hamilton Lane raises \$3.8bn for direct equity

Hamilton Lane raised \$3.8 billion for its latest direct equity fund, targeting private equity-backed middle-market companies across North America and Western Europe. The strategy gives LPs a more direct route into individual companies, usually alongside sponsors already known to the firm. This remains attractive in a market where investors are trying to manage fee drag, increase selectivity and get closer to the assets underneath their private

equity exposure. The harder part is choosing which deals deserve more capital. Co-investment access is useful, but it is not a strategy on its own. With exits still slow and sponsors under pressure to return cash, LPs will be looking more closely at which relationships, sectors and individual companies justify the additional exposure. Hamilton Lane's close shows there is still demand for the model, but also raises the bar on selection.

Future Standard adds \$3bn to secondaries

Future Standard raised approximately \$3 billion for PA Secondary Fund V, its latest flagship secondaries vehicle and the firm's largest private fund to date. The fund is focused mainly on LP-led transactions in the North American mid-market, according to Secondaries Investor. That gives the manager a

clear lane in a market where investors still need liquidity and many private equity exits remain slow. Secondaries are no longer just a pressure valve for distressed sellers. They have become a regular portfolio management tool for LPs looking to rebalance, release cash or reduce exposure to older

vintages. Future Standard's close adds another large pool of capital to a market where pricing discipline and access to good portfolios now matter more than headline volume.

UPDATES (cont.)

Asian LPs back lower mid-market European credit

Muzinich & Co raised more than €1.3 billion for its third pan-European private debt fund, adding another sizeable close to Europe's direct lending market.

Of this, Asian institutions accounted for about 10% of commitments, marking the first time investors from the region have backed Muzinich's European private debt strategy.

This perhaps points to a broader investor base for European credit, particularly

when managers can demonstrate origination depth and a clear lending lane.

Muzinich is focused on the lower mid-market, where discipline still matters because documentation, leverage and sponsor quality can vary sharply.

The fundraise suggests private debt capital is still moving, but it is not being spread evenly. LPs are backing managers where the strategy is specific and the source of deals is clear.

OPINION

Private credit's fault line

Despite the headlines, private credit is not in meltdown. A true meltdown would be where everybody heads for the door in the space, regardless of liquidity structure. Instead semi-liquid private credit is suffering from a reputation problem that comes back to haunt it quarter after quarter.

The issue is a structural fault line in this part of the market. It is not that the asset class itself is flawed, or that private credit is under sudden stress. It is more specific than that. The fault line sits in the liquidity mismatch and in how clearly investors understand what they are buying.

Once again, the same names are in view. Blue Owl has kept 5% quarterly caps in place across two

private credit funds after investors sought \$4.7 billion of withdrawals in Q2. That was lower than the previous quarter, but still elevated enough to show the issue has not gone away. Ares Management also limited withdrawals again from its Ares Strategic Income Fund after redemption requests rose to 14.4% of shares in Q2, up from 11.6% in the previous quarter. The fund accepted repurchases equal to 5% of shares outstanding, meaning roughly a third of requested withdrawals will be met this round.

These structures may offer regular redemption windows, but the assets inside them are not liquid in the same way. When requests

remain above the quarterly limit, the structure does what it is designed to do, but it also serves to remind investors what those terms mean in practice. You see this with Blackstone capping withdrawals from BCRED, although Goldman's fund saw requests come in below its 5% cap, so the pressure is not universal.

It is, however, becoming a recurring quarterly pain point that is unlikely to disappear any time soon.

Editor

UPDATES (cont.)**Align raises \$1.1bn across two lower mid-market funds**

Align Capital Partners closed two lower mid-market funds with more than \$1.1 billion in combined commitments, reaching the hard cap on both vehicles. Align Capital Partners Fund IV raised \$770 million, while Align Collaborate Fund II added a second pool of capital for minority and structured equity deals.

The speed of the raise is impressive, with Align only coming to market in April and holding the final close in mid-June, which is unusually fast in the current fundraising cycle.

It also gives the Cleveland and Dallas manager two ways to stay active in the same company universe. Control buyouts sit in the flagship, while Collaborate gives it flexibility for founders that want institutional capital without a full sale. That matters in the lower mid-market, where succession, acquisitions and growth capital do not always fit a standard buyout structure.

Conifer closes debut infrastructure fund at \$900m

Conifer Infrastructure Partners closed its debut fund at \$900 million, well above its original \$500 million target and less than five months after launch. The Pittsburgh manager backs early-stage energy and critical materials companies whose projects can be repeated across multiple sites, rather than built as one-off infrastructure assets.

Investments include M2X Energy, which turns landfill methane into methanol, Current Hydro, which develops small hydropower projects on existing river infrastructure, and Critical Loop, a power-management business targeting energy-intensive users such as data centres.

Conifer's raise is interesting because it sits away from the mega-fund infrastructure market. Investors are backing a narrower thesis around modular deployment, long-term contracts and assets that can be standardised. That is a cleaner story than another broad energy transition fund, but execution will decide whether the model scales.

**Investors face a long road out of Venezuela**

Cheap Venezuelan debt was never the hard part. Distressed-debt funds bought sovereign and PDVSA bonds for as little as 8 to 15 cents on the dollar, betting that political change would eventually reopen the restructuring trade. That thesis is now active.

But the FT's latest reporting points to a far harder reality: Venezuela's liabilities stand at around \$240 billion, well above previous estimates, against an economy of roughly \$100 billion. That changes the maths. Bondholders are not just waiting for a cleaner government balance sheet. They are competing with arbitration claimants, trade creditors, bilateral lenders and the capital needs of a broken oil sector. The entry price looked spectacular. The recovery path looks ugly, and likely long, and the recent earthquake only adds another complication.

For EM distressed investors, Venezuela is a reminder that buying at pennies is only half the trade. The real return depends on priority, politics, litigation and time. Cheap debt can still be expensive if the exit takes a decade.

Stacking Up - How emerging managers are earning institutional backing earlier

For more than a decade, AIMA has tracked the evolution of the emerging manager landscape through industry research and surveys of next-generation hedge fund managers and the investors allocating to them.

One of the clearest conclusions from this year's research is that emerging managers are increasingly "stacking up" (hence the title) against institutional expectations from a much earlier stage in their development. Investors, in turn, are recognising that institutional quality is no longer defined solely by a manager's age or assets under management, but by the strength of the business they have built.

The latest Emerging Manager Survey, published by AIMA in collaboration with Marex Prime Solutions, reinforces that shift.

Drawing on responses from 180 hedge fund managers overseeing up to US\$1bn in assets under management (AUM) and 50 investors, the survey points to an emerging manager ecosystem that is becoming increasingly institutionalised. At the same time, allocators appear more willing to engage with managers earlier in their lifecycle, placing greater emphasis on the quality of a firm's investment proposition and operating platform than on its size or track record alone.

The data underpinning the research highlights this shift in investor behaviour. More than half (54%) of investors surveyed indicated they would consider allocating to a fund managing less than US\$50m in AUM. More broadly, the average size of the smallest fund investors would consider allocating to has fallen steadily from US\$151m in 2022 to US\$94m this year. A similar trend is evident in relation to how an investor views the fund's length of track record with more than half of them suggesting that they would consider managers with less than one year.

Greater flexibility, however, should not be mistaken for lower expectations.

If recent conversations across the industry are any guide, operational quality has become more important, not less. Operational due diligence remains the most significant consideration when evaluating emerging managers, ahead of concerns around business viability and investment style drift. Investors appear increasingly prepared to engage earlier, but only where managers can demonstrate the governance, transparency and operational resilience expected of an institutional investment business.

Managers are responding accordingly.

Firms reported investing earlier in infrastructure, compliance, technology and IR. Average headcount has increased to almost ten employees per firm, while average breakeven cost (the minimum amount of AUM that is required by the firm to cover its operating costs) has risen from US\$70.1m in 2024 to US\$82.9m

this year. While these investments inevitably increase the cost of building a business, they also signal a broader shift across the industry: institutional-quality operating models are increasingly being established from inception rather than developed over time.

This trend is particularly evident among the industry's smallest firms. Managers overseeing less than US\$100m in AUM (who represented almost half of all the managers that surveyed) continue to operate with tighter economics than their larger peers. They are investing earlier in operational capability, making greater use of investor-alignment mechanisms such as hurdle rates and increasingly adopting AI to improve efficiency and support growth. Institutionalisation is no longer simply an ambition; it is becoming a prerequisite for growth.

Technology is another area where the pace of change is evident. More than 40% of the managers that surveyed reported using AI across all parts of their business, while many others are incorporating it into investment, operational and client-facing functions. Investors recognise its potential to improve efficiency but continue to view it as complementary rather than decisive.

The research also highlights how managers are adapting both fund structures and commercial terms to better meet evolving investor preferences. Alongside the growing use of alignment mechanisms, such

as hurdle rates, managers are demonstrating greater flexibility offering separately managed accounts, recognising that investors increasingly value choice, transparency and tailored solutions.

This year's research feels like an important milestone. Investors are not lowering the bar for emerging managers; rather, they are recognising that many firms are reaching institutional standards much earlier in their lifecycle.

That is an encouraging development not only for emerging managers, but for the hedge fund industry more broadly. A healthy pipeline of new firms brings fresh investment ideas, fosters competition and expands choice for investors. While fundraising remains challenging and investor expectations remain high, fund managers that combine differentiated investment expertise with institutional discipline appear increasingly well positioned to secure institutional backing earlier in their growth journey.

Read the full **AIMA/Marex Stacking Up: Emerging Manager Survey 2026** report [here](#).

Tom Kehoe

Managing Director, Global Head of Research and Communications, AIMA



Investors are not lowering the bar for emerging managers; rather, they are recognising that many firms are reaching institutional standards much earlier in their lifecycle.

Private Investors Eye Winning Rally in Tennis with Recent Focus on Players

Wimbledon is familiar ground for Novak Djokovic, arguably the best tennis player in the world with 24 Grand Slam single titles. What is less familiar ground to the 39-year-old champion is the world of private markets. That may change fairly soon.

General Atlantic announced last month that the “Djoker”

is joining the investment firm as a Global Strategic Advisor to bring “perspectives from elite sport and global investing to help shape the next generation of enduring businesses.” (Side note: I ran into the tennis star looking a bit lost at the Milken conference in Beverly Hills a couple of years back and asked him what he was doing amid all those investors. He shrugged, but now he and I both know the answer.)

Tennis is the latest sport to grab the attention of investors. No doubt it has always been popular, but it has never been seen as a prized investment. Unlike the NFL, Premier League and more recently Formula 1, no straightforward way existed to invest in a single entity. The sport is highly fragmented with organizations such as the Association of Tennis Professionals, Women’s Tennis Association, Grand Slam, tournament operators, broadcasters and data companies stitched together independently.

But that actually became the opportunity. Several years ago, CVC invested \$150 million for a 20% stake in WTA Ventures, a newly created commercial company that owns and manages the business side of women’s professional tennis. The WTA retained control of the sport itself, while CVC became responsible for helping to grow media rights, sponsorships, licensing, gaming, data, digital platforms and fan engagement.

That winning formula paved the way for others, with the Public

Investment Fund of Saudi Arabia, partnering with the ATP, WTA and International Tennis Federation while sponsoring tournaments and investing heavily in the sport’s commercial ecosystem. Soon after, Blue Owl, the private credit/alternatives firm, moved into player-level sponsorships, especially with lower-ranked players who

can monetize visibility against stars through their patch program on players’ shirts during tournament play.

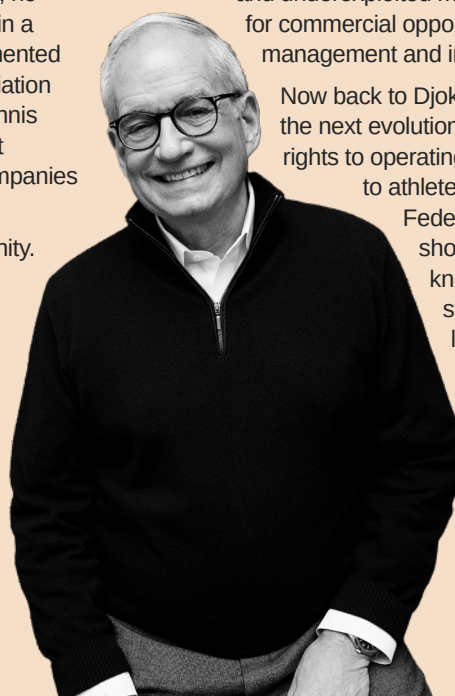
And in a more recent approach, EQT, one of the top three PE firms in the world, because an official private-markets partner of the ATP through 2030 across 15 ATP tournaments in 12 markets, leveraging the organization’s global footprint and international fan base. This switched the focus for tennis not just as an equity investment but a way to leverage tennis as a global LP/brand distribution channel.

It’s safe to say now that for private investors, the investment thesis became pretty simple with all the right ingredients: Premium audience, under explored and underexploited media rights, fragmented organizations for commercial opportunities and the need for better management and innovation to increase revenues.

Now back to Djokovic, who in some ways represents the next evolution in tennis from obtaining commercial rights to operating rights and tournament sponsorships to athletes-as-capital platforms. (Think Roger Federer with Swiss athletic apparel and shoe brand, On.) General Atlantic is known as a growth investor and that strategic approach will guide the next level of commercialization for tennis and its ecosystem. Djokovic always said his doubters gave him strength. Probably few doubters here on his next chapter. See you on the courts and at Milken, Novak.

Mark Kollar
Partner, Prosek Partners

“...the [tennis] investment thesis became pretty simple with all the right ingredients: Premium audience, under explored and underexploited media rights, fragmented organizations for commercial opportunities and the need for better management...”



Investing in Artificial Intelligence: A Three-Body Problem

The Netflix adaptation of *3 Body Problem* centers on a physics puzzle: two gravitational bodies produce stable orbits, but adding a third creates chaos. AI investing shares this dynamic - multiple forces interacting simultaneously make outcomes unpredictable, even as the overall trajectory is clearly transformative.

The Four-Layer Stack

Investors' first instinct is to ask which layer "wins." The better question: how much spending in each layer converts into something ownable at reasonable risk/return.

- **Layer 1 — Models:** Enterprise LLM API spending hit \$12.5B in 2025, but OpenAI and Anthropic remain private, valued at \$852B and \$380B. Anthropic posted \$4.8B Q1 2026 revenue, projecting \$10.9B in Q2 with its first operating profit (\$559M) - years ahead of schedule, though full-year profitability isn't guaranteed. The moat is thin: frontier capability doesn't create pricing power, since models commoditize as they leapfrog each other.
- **Layer 2 — Platform Companies:** Meta, Microsoft, Google, and Amazon plan \$725B in 2026 AI capex, driven by strategic defense more than direct ROI. Capex could hit 45-57% of revenue, compressing free cash flow. Critics (Joachim Klement, FT; Deutsche Bank) argue the growth needed to justify spending is implausible. Debt financing (e.g., Meta-Blue Owl's \$27B Hyperion data center SPV) shifts real credit exposure back to the parent company despite technical separation.
- **Layer 3 — Adjacency Plays:** Power, cooling, real estate, and networking are technology-agnostic - revenue ties to physical buildout regardless of which platform wins. 2025 saw 113 data center transactions worth \$69B+, including the \$40B Aligned Data Centers deal (84% PE-funded). Utilities are raising capex 22% YoY to \$212B. Caution: Goldman Sachs notes infrastructure equities are up ~44% YTD, suggesting the trade has

partly run its course in public markets; private credit and direct infrastructure may offer better risk/return, though stranded-asset risk looms long-term.

- **Layer 4 — Applications:** Enterprise AI application spending reached \$19B in 2025. Durable value requires moats hyperscalers can't replicate - proprietary data (clinical notes, case files, transaction records) rather than public internet content. Challenges include margin compression (API costs exceeding subscription revenue), platform providers copying successful features, and erosion of seat-based pricing as agents replace human users (IDC predicts 70% of vendors will overhaul pricing by 2028).

Three Colliding Forces

Three forces interact unpredictably:

1. **Power/physical constraints** — data center electricity demand may exceed 1,000 TWh by 2026; Fed Chair Powell has linked construction to inflation.
2. **Regulation** — fragmented globally, from the U.S.'s deregulatory posture and EU AI Act rules (effective August 2026) to China's new Cybersecurity Law provisions, the UAE's Cabinet-level AI adoption, and Singapore's agentic AI framework.
3. **Labor transition** — 96% of organizations report AI gains (EY), but who captures the value (capital vs. workers) could reshape political will.

A fourth emerging factor: over 78% of U.S. market cap now faces AI disruption, concentrating risk in major indices.

In the end, the most accessible opportunity may not be AI companies themselves, but firms across sectors using AI to expand margins and moats.



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Money Maze Podcast

*Inspiring interviews with leading figures
from the world of business and finance.*

Private capital's next legal frontier

**Adapted from a Money Maze Podcast interview conducted by Simon Brewer
with Alan Mason, Global Managing Partner, Freshfields**

At the highest end of global finance, law is no longer a back-office function. It is part of the infrastructure that allows capital to move across borders, deals to survive regulatory pressure and investors to operate in markets where politics, technology and litigation now sit much closer to the transaction.

That was the more revealing thread in Simon Brewer's Money Maze conversation with Alan Mason, managing partner at Freshfields. The interview ranged across law firm globalisation, London's resilience after Brexit, Freshfields' US expansion, AI, talent and the changing economics of professional services. Yet many of Mason's most interesting comments pointed back to private markets. As more capital shifts from public markets into private assets, the legal framework around that money becomes more important. Private equity, private credit, and global asset managers are not just raising and deploying larger pools of capital; they are operating within a denser regulatory, conflict, cross-border risk, and technological change landscape.

Brewer introduced the subject by borrowing Kafka's image of the lawyer who writes a ten-thousand-word document and calls it a brief. Yet the premise was serious. Mason, who studied in London and Paris, spent much of his Freshfields career in France, worked briefly at Goldman Sachs and now acts as Global Managing Partner from the US alongside fellow Global Managing Partner Rick van Aerssen in Germany, with Georgia Dawson leading the firm as Senior Partner from London. He is a useful guide because he does not sound like a lawyer defending the

mystique of law; instead, he speaks more like a financial operator, describing how professional services follow capital across borders.

That phrase came up explicitly when Brewer asked about London. Mason's answer was not a nostalgic defence of the City after Brexit; instead, it was a market observation. "We follow the capital," he said, describing London as "one of the biggest, brightest, most exciting global financial centres of the world." Any global organisation, whether an asset manager, private equity firm, large corporate or investment bank, would still need a London presence. London's strength is less about old status than continued relevance to capital, advice and dispute resolution.

This same logic explains Freshfields' push in the US. Mason moved there in 2020, requalified as a California lawyer during Covid and based himself in San Francisco, close to the technology and life sciences companies reshaping the US economy. The move was both symbolic and practical. You cannot build in the world's largest legal market from a distance, or advise global clients on supply chains, data, competition and regulation while standing too far from where those questions are formed.

Mason's wider point is that the old division between US law firms serving a vast domestic market and European firms serving "international" work has broken down. Since the global financial crisis, he argues, the US and the rest of the world have converged into one global market. Freshfields still has its largest office in London and a strong continental European network, but the US is now its second largest market, with more than 500 lawyers and



Money Maze Podcast

Continued:

more than 115 partners. That expansion reflects a client base that increasingly needs legal advice across multiple jurisdictions at once.

Private capital sits at the centre of that shift. Brewer asked directly about a world in which private markets have exploded, but where parts of the system now seem to be suffering from indigestion. Mason's answer was careful. There is "more private capital out there than ever before looking to be deployed", he said, and while the market may be going through a period of indigestion, he does not expect a swing back to the old dominance of public markets. His explanation was structural. After the global financial crisis, capital shifted away from more heavily regulated public markets into less regulated private markets. That shift, in his view, is "absolutely logical" and "set to stay".

The consequence is that private markets cannot remain outside the wider architecture of scrutiny, regulation and legal complexity. Mason suggested that over time some private markets may become more regulated, with "more of a balancing out and arguably some more convergence" between public and private markets. That is a legal frontier as much as an investment one. If private capital remains a central source of corporate finance, infrastructure ownership, credit provision and deal activity, the systems around it have to deepen too. Regulation, disclosure, conflicts, valuation, liquidity, governance and dispute resolution all become more consequential. The lawyer is no longer merely papering the deal. The lawyer becomes part of the system that lets private capital operate at scale.

This helps explain why Mason sees the global law firm model becoming more complex rather than less. It may sound counterintuitive, he said, but a fragmented world requires larger and more sophisticated law firms because clients need help navigating different legal regimes and regulations globally. A Silicon Valley technology company may find its most pressing issues in Asian supply chains, Chinese regulation, European rules and post-Brexit UK law. A private equity sponsor may face similar pressures across financing, merger control, sanctions, tax, employment, cyber risk and exits. Complexity does not reduce the need for advice. It raises the cost of shallow advice.

This is also why consolidation in law has a financial markets feel. Mason sees senior lawyers moving between firms and firm combinations, such as Allen & Overy and Shearman. He expects fewer, larger firms to serve clients

in the years ahead. The comparison with investment banking is imperfect but revealing. Global clients are pushing advisers towards scale, specialisation and institutional consistency.

AI will intensify this pressure. Mason does not claim to know where the technology ends, and he is sceptical of anyone who does. What he does see is a change in the nature of legal productivity. The point is not simply doing the same task faster. It is using better access to information to provide better analysis. Research that once sampled cases may soon examine every relevant decision. Due diligence that trained generations of M&A and private equity lawyers in "dark rooms all night" will be done differently. The grind will not disappear overnight, and the output will still need checking, but the training model and economics of elite legal work will shift.

That does not make judgement obsolete. Mason is clear that clients still come for the thing technology cannot yet provide, experienced judgement under pressure. Young lawyers may acquire that judgement differently, through AI-enabled work rather than paper files, but the endpoint remains the same. Curiosity, adaptability and the ability to move quickly matter more because technical knowledge alone is becoming easier to access.

Mason's remarks describe a profession being pulled by the same forces reshaping private markets and global finance. Capital is moving through more private channels, regulation is splintering across jurisdictions, and technology is changing both productivity and training. Geography still matters, with London important because global capital needs law, courts and arbitration it can trust, the US because scale and innovation are concentrated there, and Asia because supply chains, regulation and markets cannot be ignored.

For investors, the legal frontier is not a sidebar to private capital. It is part of the private capital story itself. As more economic activity moves outside public markets, this system needs deeper legal infrastructure, sharper judgement and firms capable of operating where capital, politics and regulation collide. Mason's world may still be filled with contracts, conflicts and late-night diligence. Its real subject is the architecture of modern finance.

Click [link](#) to listen to the full interview

“
As the world around us becomes more complex... [it requires] bigger and more complex global law firms to help navigate clients around different legal regimes and regulations globally.

GUEST ARTICLES

Secondaries offer an answer to the private markets entry question

Thomas Pocock, Associate Director, W1M

As fiduciaries of our client's capital – clients who have typically not been exposed to private market investments to date – it is beholden on us to answer two key questions: Why should we begin investing in private markets today (if at all)?; and What strategies should we own for the best risk-adjusted returns? The burgeoning secondaries market can provide answers to both these questions.

It is well understood that private markets have generated strong returns for investors over the last 10-15 years, often in excess of public markets. However, it is this growth and success (as well as a degree of opaqueness which could be improved upon) that drives much scepticism of the industry, particularly in the UK. So, as we explore making potential allocations into private assets how do we discern whether today's market represents an attractive entry point?

The \$230 billion of secondary volume that we saw in 2025 hints at an answer: the exit market for private equity has been poor with distributions to LPs slowing commensurately. Preqin data suggests that the net capital called by GPs versus distributed has reached a cumulative \$2 trillion since 2016. It has got to the point now that existing investors (especially those with spending requirements) are demanding

liquidity and secondaries are one of the avenues that they have begun to explore. But the challenges for existing investors are, in turn, the opportunity for new investors. To the extent that we can provide new capital into the industry then we can expect to benefit from better pricing on secondary transactions or better terms from GPs struggling to raise assets at the same pace as previously. This, we believe, marks an attractive environment to be shifting exposure into private markets.

So do secondaries provide the answer as to where to invest? LP-led secondaries do certainly boast a number of attractive features for early allocations to private markets.

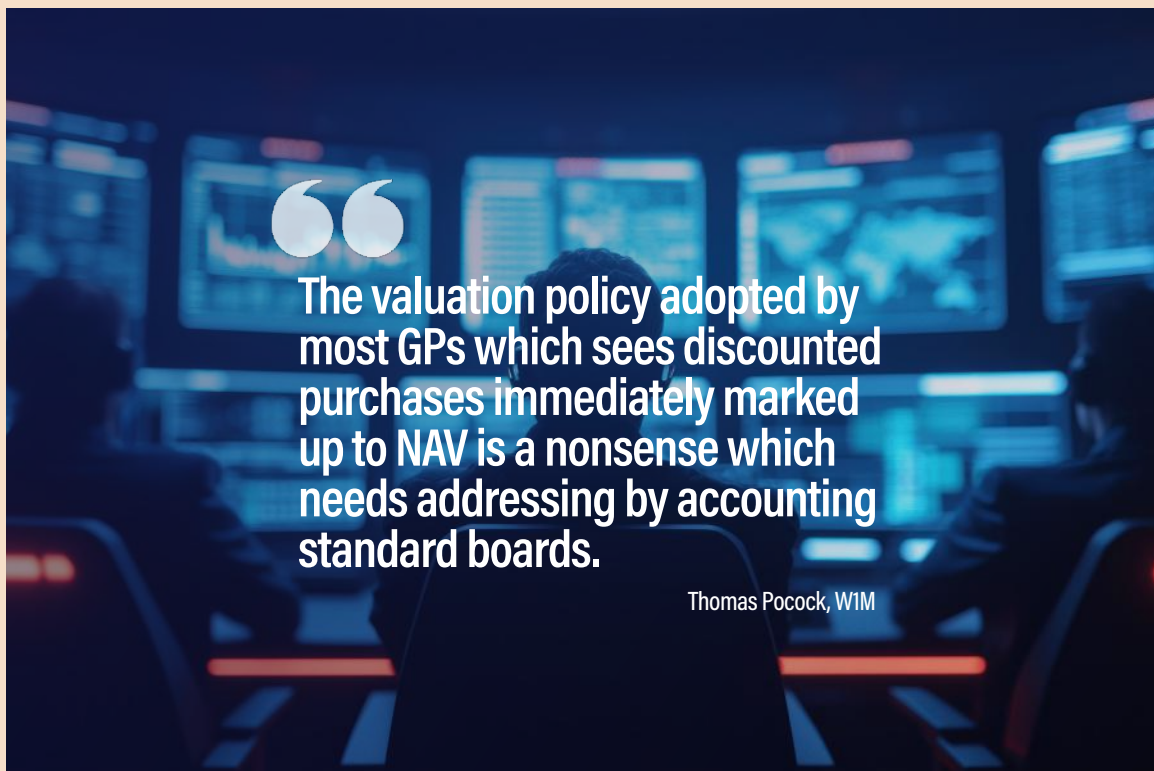
The most obvious of these is the J-curve mitigation: the fact that stakes in existing funds are typically bought after the investment period has ended, just as value is beginning to be accrued in the fund's holdings. This provides for a much more acceptable investor 'journey' versus the negative early years of performance you may experience in a primary fund.

Another benefit is the diversification that comes from stakes in existing funds. A portfolio of secondary transactions can provide exposure to 100s of underlying companies, avoiding the risk of concentration that can come from initial allocations to private markets.



LP-led secondaries do certainly boast a number of attractive features for early allocations to private markets.

Thomas Pocock, W1M

GUEST ARTICLES (cont.)

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The valuation policy adopted by most GPs which sees discounted purchases immediately marked up to NAV is a nonsense which needs addressing by accounting standard boards.

Thomas Pocock, W1M

A potentially less obvious beneficial characteristic of secondaries relates specifically to the advent of evergreen structures which offer an element of limited liquidity. We see secondaries as particularly appropriate for these structures given the higher level of natural liquidity that is generated from buying fund stakes later in their lives. It is intuitive that a portfolio of LP-stakes bought with an average remaining life of 5 years can be expected to generate c.20% natural liquidity from distributions each year – exactly in line with the typical 5% per quarter of liquidity promised by most evergreen structures.

It is the evergreen structure, however, which poses the greatest challenge to an egregious standard practice in the secondaries market. The valuation policy adopted by most GPs which sees discounted purchases immediately marked up to NAV is a nonsense which needs addressing by accounting standard boards. The vast majority of transactions are conducted at a price agreed by two capable parties dealing

on an arm's length basis – this is one of the most basic definitions of fair market value. This is a far greater issue for evergreen structures where investors are required to redeem and subscribe at valuations based on these practices and can either be unfairly rewarded or punished for doing so; open-ended structures require accurate valuations to function. One of the key elements of performance that we assess in these structures is the extent to which early returns have been driven by this discount arbitrage, particularly where these returns came from seed portfolios not available to minority investors; outsized early returns from this mark up practice can give a very misleading impression of compounded annual return available to investors on a forward looking basis.

Thomas Pocock, Associate Director, W1M

W1M is a leading international wealth and investment management firm, formed in 2024 through the merger of Waverton Investment Management Group Limited and London and Capital Group Limited. With £24.4 billion in assets under management (AUM) and a team of c. 370 professionals, W1M specialises in working with high-net-worth and ultra-high-net-worth individuals and families, charities, institutions and independent financial advisers.



GUEST ARTICLES (cont.)

The Missing Link in Private Markets: Why Liquidity is the New Access

Fred Bouverat, CEO & Founder, TPE

The secondaries market has grown up around a simple problem: investors who want out, and capital that wants in. LP stake sales, GP-led restructurings, tender offers on private company shares: all well-established routes. But they share a common flaw. Each transaction is bespoke, slow, and expensive. Liquidity, when it arrives, arrives once.

There is a major category of investor for whom that simply does not work.

The Gap Nobody Talks About

Pension funds and any vehicle which ultimately has retail investors as holders face two structural barriers to private markets. The first is cost: traditional PE fund structures carry fee loads that are simply too high for most mandates to absorb without breaching their cost constraints. The second is liquidity. The nature of the underlying investors' funds means that fund managers need to be able to access liquidity: not massive amounts, but around a core position to service these

liabilities, redemptions and, dare I say, inflows.

The result is that the most promising asset class of the last twenty years has remained largely inaccessible to the broadest pool of long-term capital in the UK. Not because of risk appetite. Because of fees and plumbing.

A New Infrastructure for Private Markets

The London Stock Exchange's Private Securities Market, operating under the FCA's PISCES sandbox framework, represents a significant step in building that infrastructure. By bringing exchange-grade price transparency, regulatory oversight and defined auction mechanics to private company shares, it creates something that has not previously existed: an observable, regulated market price for assets that have historically been valued by model alone.

Asset-level secondary transactions of this kind remain a fraction of the LP secondaries market in volume terms. But the direction of travel is clear,



...the most promising asset class of the last twenty years has remained largely inaccessible to the broadest pool of long-term capital in the UK. Not because of risk appetite. Because of fees and plumbing.

Fred Bouverat, TPE

GUEST ARTICLES (cont.)

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The retail and pension capital that private markets needs will not flow into private assets on the basis of promises. It will flow when the plumbing works.

Fred Bouverat, TPE

and the pace of growth is accelerating. The question is not whether this market will develop, but what structure will allow it to serve the capital that most needs access to it.

Frequency as the Missing Piece

The PSM provides the venue. What the market now needs is the commitment to use it repeatedly. A single auction, however well-run, does not create a liquid instrument. Pension funds and retail-facing vehicles cannot build redemption policies around events that may or may not recur.

The structural answer emerging from the first generation of PSM-listed vehicles is the scheduled, repeated quarterly auction: a permanent structure that commits, by design, to offering liquidity at defined intervals across a single or portfolio of private company shares. The vehicle type now taking shape is the Tradable Private Equity Investment Company, or TPEIC. To declare an interest here, TPE is the firm behind the TPEIC structure, and the first TPEIC completed its inaugural transaction on the LSE PSM in March 2026. It is early, but the architecture is now proven.



Why This Matters for UK Capital

The retail and pension capital that private markets needs will not flow into private assets on the basis of promises. It will flow when the plumbing works. That means not just a route to liquidity, but a predictable, recurring, scheduled one.

The PSM creates the venue. The TPEIC creates the commitment. Together, they represent the first credible answer to a question the secondaries market has been unable to answer for a generation: how do you bring long-term capital into private markets when that capital has obligations to remain accessible?

The missing link was never access. It was frequency.

Fred Bouverat, CEO & Founder, TPE

Fred Bouverat is CEO and Founder of Pebble Capital Ltd (FRN 990338), trading as TPE, the firm behind the TPEIC structure. The first TPEIC was listed on the London Stock Exchange's Private Securities Market in March 2026.

GUEST ARTICLES (cont.)

The Rise of the Continuation Fund

All eyes are on the trophy assets. Or should they be?

Andres Hefti, Partner, Multiplicity

The secondaries market has moved into a new phase of scale. Global volume hit USD 226bn in 2025, up more than 40% on the year.¹ GP-leds made up roughly USD 106bn of that, and continuation funds the lion's share, close to USD 100bn. What was a niche solution only a few years ago has become a defining feature of private equity.

The logic is simple enough. Private equity assets routinely outlast the funds that hold them. Rather than force a sale, a sponsor can move those assets into a new vehicle, hand existing LPs their liquidity, and keep running the investment. Adoption has become broad: around three quarters of large sponsors have now done at least one continuation deal, and the number of vehicles has roughly quadrupled over five years.

A broader GP-led toolkit

Continuation funds are only one instrument in a wider GP-led toolbox. The structures tend to get lumped together, but they solve different problems, and each

demands its own underwriting. Six core transaction types are worth separating out:

- **Continuation fund.** Addresses a mismatch between asset duration and fund life, or a need for fresh capital, by moving assets into a new vehicle where existing LPs can sell or roll.
- **Preferred equity.** Injects capital at the portfolio level, usually through a new vehicle with priority rights on future cash flows, allowing distributions while keeping the upside intact.
- **Tender offer.** Lets LPs chasing liquidity, or looking to trim relationships, exit through an auction in which buyers bid for their interests.
- **Strip sale.** Monetises part of a portfolio in a poor exit environment by selling a proportional stake into a new vehicle while holding on to future upside.

¹ [Evercore](#)



GUEST ARTICLES (cont.)

The more interesting activity is moving towards smaller and messier situations, often below USD 100mn.

Andres Hefti, Multiplicity

- **Stapled primary.** A hybrid that pairs a secondary sale of existing interests with a fresh primary commitment into the GP's next fund.
- **Spin-out.** Lets a team or corporate programme stand up on its own, acquiring and managing the portfolio through a newly formed GP and vehicle.

Where the market is shifting

This is where the distinction matters. The mega continuation funds take the headlines, but they are only one corner of the opportunity. Those processes are crowded, well intermediated and increasingly efficient.

The more interesting activity is moving towards smaller and messier situations, often below USD 100mn. Here continuation funds are routinely combined with preferred equity, strip sales or other features to make a deal work. Nothing is standardised, and the structuring takes more imagination.

It reflects a wider imbalance. Liquidity clusters around a narrow band of high-quality assets, while a large share of portfolios simply struggles to trade at all. The GP-led tools are increasingly the way liquidity reaches those less efficient corners.

Implications for investors

For LPs the draw is optionality; for GPs, flexibility. For the secondary buyer, the question

is no longer access but selectivity. Continuation funds are not going away. Exit conditions remain patchy, and more than USD 3 trillion of unrealised value still sits in buyout portfolios. The demand for flexible liquidity is not about to fade. In the large, well-understood deals, competition is steadily compressing returns. In the smaller, liquidity-driven and more complicated ones, it is not.

This is the part of the market we at Multiplicity Partners have always preferred. Since 2010 our credo has been providing liquidity and creating value in illiquid assets, and our focus stays on the deals shunned by the mainstream buyers, where EBITDA multiples do not necessarily define value. The rise of continuation funds is not really a growth story. It is a shift from standardised liquidity towards bespoke solutions, and the best opportunities increasingly sit where complexity keeps the crowd away.

Andres Hefti, Partner, Multiplicity Partners

Multiplicity Partners is a Switzerland-based secondaries investor with a broad mandate, focused on special situations and niche opportunities often overlooked by traditional buyers. Founded in 2010 as an intermediary before launching its own funds in 2016, we have consistently sought to provide liquidity in underserved markets with the goal of consistently returning investors' capital within around four years.



GUEST ARTICLES (cont.)

The Rise of Private Market Liquidity: How Secondaries and Structured Trading Are Reshaping Capital Markets

Jonida Vesiu, Director, Fund Solutions at CSC

Private markets have reached a turning point. Companies are staying private longer, using private capital to fund growth, acquisitions, and global expansion without the costs and obligations associated with public markets.

As a result, liquidity has become one of the biggest challenges and opportunities in private markets. Investors, employees, fund managers, and companies increasingly need ways to access liquidity before traditional IPO and M&A exits. That demand has fuelled rapid growth in secondaries and semi-liquid investment structures, transforming what was once a niche market into an increasingly important part of the private capital ecosystem.

Increasingly, liquidity is being delivered not only through secondary fund transactions but also through structured trading mechanisms, including tender offers, periodic auctions, private trading venues, and regulated intermittent markets.

Secondary Market Volumes Reach New Highs

The scale of this shift is evident in transaction volumes. Global secondary market activity reached approximately \$240 billion in 2025¹, up 48% year-over-year and exceeding global IPO proceeds of roughly \$171.8 billion².

According to Jefferies, activity was evenly split between LP-led (\$125 billion) and GP-led (\$115 billion) transactions, with demand supported by growing allocations from secondary funds, evergreen vehicles, and an expanding base of institutional and private-wealth investors.

As transaction volumes increase and liquidity becomes a more routine expectation, market participants require more sophisticated infrastructure to support pricing, execution, settlement, and governance. This evolution is transforming private-market liquidity from an ad hoc process into a scalable and increasingly institutionalised ecosystem.

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Market Infrastructure Is Evolving

Dedicated trading venues, settlement platforms, pricing tools, and data providers are helping make transactions more efficient and transparent.

In the United States, SEC Regulation of Exchanges and Alternative Trading Systems (ATS), first adopted in 1998³, provides the regulatory framework for private trading venues that match buyers and sellers of securities outside traditional stock exchanges. Operating primarily through broker-dealers and ATS structures, these platforms enable eligible investors

to transact in private-company shares within a regulated environment.

Nasdaq Private Market (NPM)⁴ is a leading example. Originally focused on employee liquidity programs and pre-IPO trading, it now provides broader trading, settlement, and data services for private companies and investors. Together with Nasdaq Fund Secondaries⁵, it now supports liquidity across both private-company shares and private fund interests, reflecting the increasing convergence of these markets.

The pace of activity reflects that evolution. NPM's secondaries report⁶, found that block-trade volume nearly doubled from \$372 million in 2024 to \$673 million in 2025. Liquidity events are also becoming more frequent, with the average time between tender offers falling from 899 days in 2022 to just 132 days in 2025.

In other words, liquidity is shifting from a rare event to a recurring feature of private-company ownership.

NPM⁶ also found that companies with fewer restrictions on secondary share transfers experienced higher trading activity and stronger share-price performance, highlighting the growing value of liquidity as a strategic tool.

¹ Jefferies Insights

² EY Global IPO Trends 2025

³ SEC

⁴ Nasdaq Private Market

⁵ Nasdaq Solutions

⁶ Nasdaq Private Market

GUEST ARTICLES (cont.)

What was once a fragmented, relationship-driven market is becoming increasingly organised, institutionalised, and technology-enabled.

Jonida Vesiu, CSC

At the same time, secondary transactions are becoming more sophisticated. One of the strongest trends, according to NPM⁶, has been the rise of single-asset funds, which became a preferred vehicle for gaining exposure to many high-demand private companies in 2025. These structures help issuers maintain greater control over their shareholder base while providing investors with access to otherwise difficult-to-source opportunities.

Alongside continuation vehicles and structured tender offers, they reflect a broader trend toward more flexible and tailored liquidity solutions.

As secondary markets mature, the next phase will depend on regulation keeping pace with innovation preserving investor protection while maintaining the flexibility that has made private markets attractive.

This trend is evident not only in the growth of private trading platforms but also in emerging regulatory initiatives designed specifically for secondary liquidity.

The UK's PISCES Initiative

In 2025, the UK introduced the Private Intermittent Securities and Capital Exchange System (PISCES)⁷, a framework that allows private companies to hold periodic trading events where eligible investors such as institutions, sophisticated investors, high-net-worth individuals and employees can buy and sell shares without the need to list on a public stock exchange.

Operating within a regulatory sandbox through 2030, PISCES aims to bridge the gap between private and public markets by providing a regulated way for companies to offer liquidity while retaining greater control over participation and disclosure.

PISCES reflects a broader global recognition that

private companies increasingly require liquidity mechanisms that sit between traditional private transactions and full public-market listings.

Liquidity Is Becoming a Core Component of Private Capital Markets

Secondary funds, structured tender programs, private trading platforms, and regulatory frameworks such as ATS and PISCES are collectively reshaping how liquidity is created and accessed in private markets.

What was once a fragmented, relationship-driven market is becoming increasingly organised, institutionalised, and technology-enabled. As companies remain private for longer and investors seek more flexible pathways to liquidity, secondary markets are evolving from a niche exit mechanism into a permanent layer of capital-market infrastructure that supports capital formation throughout the private-company lifecycle.

The result is a more mature private-market ecosystem one in which liquidity is no longer viewed simply as an endpoint, but as an ongoing strategic tool that supports companies, employees, and investors throughout the private-company lifecycle.

Jonida Vesiu, Director, Fund Solutions at CSC

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⁷ FCA



REGULATIONPresented by  **RQC GROUP****UK**

FCA decides to fine Carlos Ricardo Fuenmayor £99,600 for disclosure failures

The FCA has [decided](#) to fine Carlos Fuenmayor, the Chief Executive of BancTrust, £99,600 for failing to disclose three separate matters to it.

However, Mr Fuenmayor has referred his [Decision Notice](#) to the Upper Tribunal and its findings are, therefore, provisional.

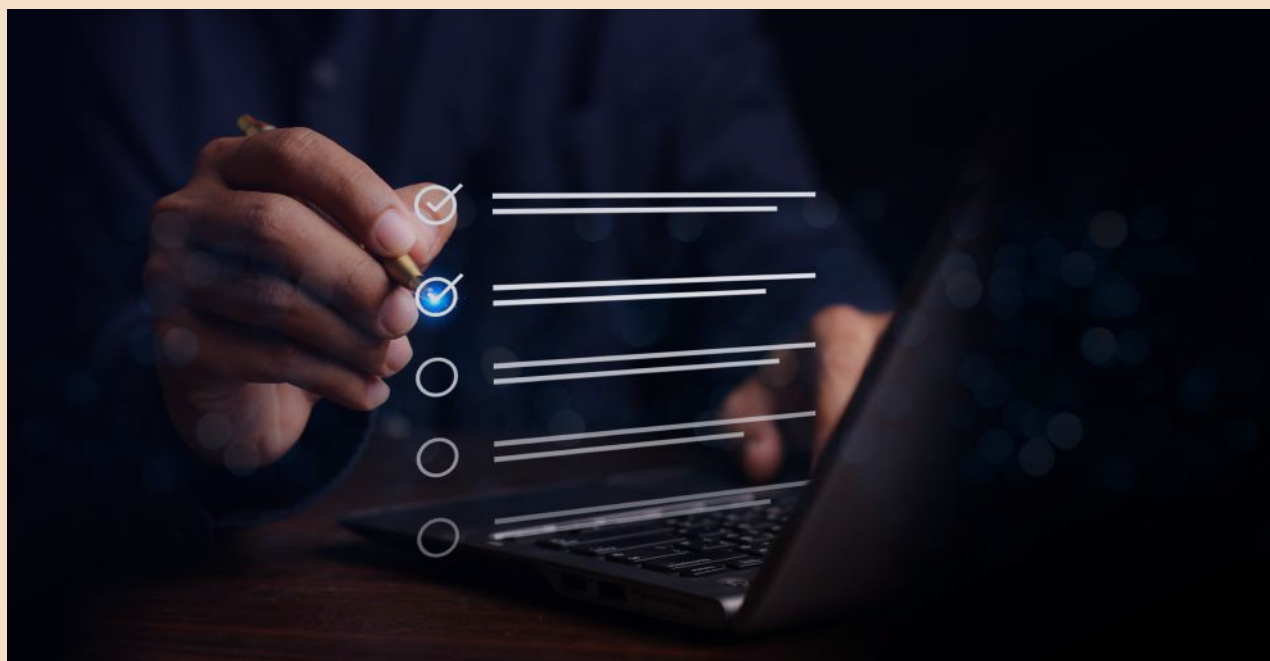
The regulator found that Mr Fuenmayor failed, until December 2021, to inform it, including in application forms he submitted on behalf of BancTrust, that he had been placed under investigation by the US Financial Industry Regulatory Authority ("FINRA") in December 2017 and then sanctioned in June 2019.

He also omitted to disclose the fact that, shortly before an inspection in November 2019, the National Financial

Intelligence Unit of Venezuela had frozen his local currency bank accounts, along with those of his Venezuelan companies and their directors.

The failure to disclose these issues denied the FCA the opportunity to fully consider Mr Fuenmayor's fitness and propriety or to seek further information.

The FCA [concluded](#) that Mr Fuenmayor's failures were negligent, and that he breached APER Statement of Principle 4 in the legacy Approved Persons Regime and Senior Manager [Conduct Rule 4](#), which requires individuals to disclose appropriately any information the FCA would reasonably expect.



FCA takes action against Neil Woodford and W4.0 for unauthorised business

The FCA has [commenced](#) civil proceedings against Mr Neil Woodford and W4.0, alleging that Mr Woodford and W4.0 are providing regulated investment advice and making financial promotions through the subscription-based platform, www.w4pz.com, without authorisation.

The FCA believes that the activity contravenes the Financial Services and Markets Act 2000 ("FSMA")

sections [19](#) and [21](#).

The regulator seeks an injunction against both to stop them pursuing the potentially unlawful activities.

W4.0 is the trading name of W Four Point Zero FZE LLC, registered in the United Arab Emirates.

REGULATION (cont.)Presented by  **RQC GROUP****US**

Supreme Court clarifies SEC disgorgement standard

In a unanimous June 4, 2026 [decision](#), the US Supreme Court held in *Sripetch v. SEC* that the Securities and Exchange Commission ("SEC") may seek disgorgement of ill-gotten gains without proving that investors suffered a corresponding pecuniary loss. The ruling resolves a circuit split and gives the SEC a clearer path to recover profits tied to securities law violations, even where investor harm may be difficult to quantify.

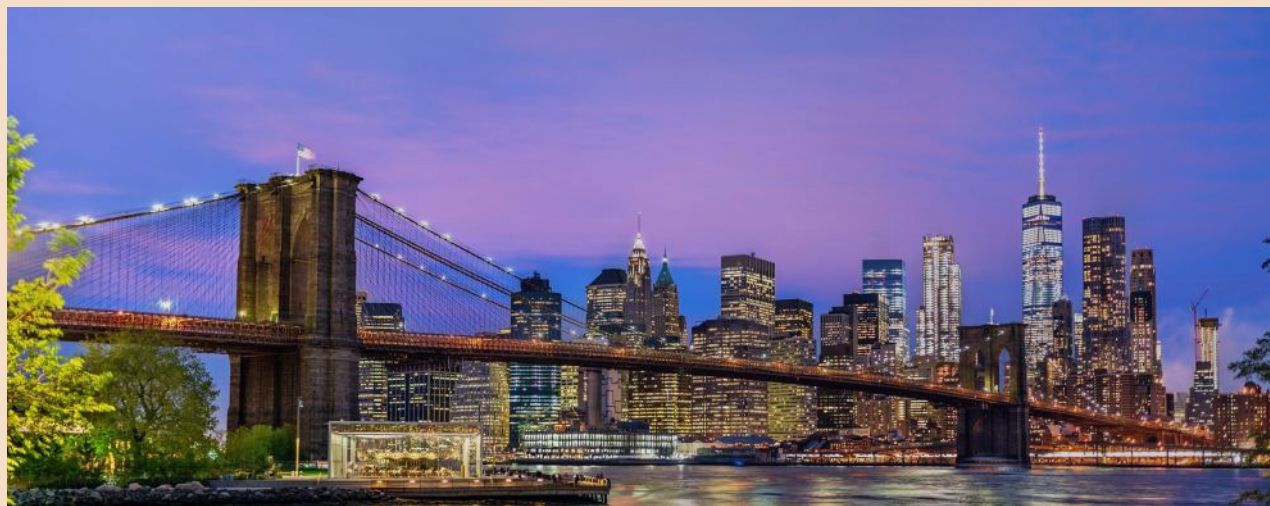
The case arose from an SEC enforcement action against Ongkaruck Sripetch, who was accused of fraudulent schemes involving at least twenty penny-stock companies, including pump-and-dump activity. After consenting to judgment, Sripetch challenged the SEC's effort to recover more than \$4.1 million in disgorgement, arguing that under *Liu v. SEC* the Commission had to show investors suffered financial harm before disgorgement could be awarded. The Supreme Court rejected that argument and affirmed the Ninth Circuit.

Justice Gorsuch's opinion emphasized the difference between damages and disgorgement. Damages are measured by a plaintiff's loss; disgorgement, by contrast, is aimed at stripping a wrongdoer of profits obtained through interference with legally protected interests. Relying on

traditional equitable principles, the Court explained that a victim may be entitled to the defendant's wrongful gains even when there is no measurable financial loss. In the Court's view, Liu required disgorgement to be awarded for victims and limited to net profits, but it did not impose a separate investor-loss requirement.

The decision preserves an important SEC remedy while leaving other questions open. The Court did not decide whether [Section 78u\(d\)\(7\)](#), which Congress added after Liu to expressly authorize disgorgement, changes the remedy's equitable character. In a concurrence, Justice Thomas suggested that issue may matter in a future case, particularly if disgorgement is treated as a legal remedy that could trigger jury-trial rights.

For investment advisers, the lesson is clear: compliance failures can produce substantial disgorgement exposure even when investor losses are disputed or hard to prove. The decision reinforces the need for strong controls, prompt escalation of potential misconduct, and careful documentation around trading, disclosures and supervisory practices. In enforcement matters, defendants should expect the SEC to continue pursuing profit-based remedies aggressively.



National Futures Association makes practical Changes to Member Questionnaire filing requirements

The National Futures Association ("NFA") on 15 June, 2026 [made](#) targeted amendments to Compliance Rule [2-52](#) and Interpretive Notice [9082](#) that give member firms more flexibility in who may review, sign, and submit the NFA

Member Questionnaire. The proposal, approved unanimously by the NFA's Board on May 21, 2026 and submitted to the Commodity Futures Trading Commission ("CFTC") on [June 1, 2026](#), became effective immediately, on 15 June.

REGULATION (cont.)

At a high level, the proposal reflects the NFA's continued emphasis on the Member Questionnaire as a core supervisory tool. The notice explains that the questionnaire supplies critical information about a firm's business activities and operations, serves as a continuous source of data for the NFA's risk monitoring systems, and is a central resource for staff conducting oversight. Members must still file the questionnaire at least annually, and firms deemed inactive because they answer "no" to the relevant commodity-interest activity questions may be required to complete portions of the questionnaire on a semiannual basis. Members also remain obligated to promptly update the questionnaire when material changes make previously submitted information inaccurate or incomplete.

The most significant proposed change concerns who may submit the filing. Under the current rule, for most member categories the questionnaire must be reviewed, signed, and submitted by an individual who is both a registered associated person and a listed principal. The NFA now proposes to permit a listed principal or another senior-level individual who is sufficiently knowledgeable about the member's ongoing business operations to perform that function. According to both the NFA submission and the

accompanying law firm commentary, firms have told the NFA that the most qualified person is often a chief compliance officer or deputy chief compliance officer who may not be registered as an associated person and, therefore, should not have to obtain Series 3 registration solely to complete the questionnaire.

Why this matters for NFA registrants: it underscores a compliance issue which can have real regulatory consequences. Failure to timely complete required questionnaire filings can be deemed a request to withdraw from NFA membership, and inaccurate or stale questionnaire information can affect how the NFA evaluates a firm's risk profile. For registrants, the proposal is important because it may reduce unnecessary registration burdens while preserving accountability for accurate, timely and informed filings by the personnel best positioned to understand the firm's business.

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