



One Maritime Plaza ♦ Eighteenth Floor
San Francisco, California 94111-3598

October 14, 2020

VIA E-MAIL

To Our Investment Adviser Clients and Other Friends

Re: Form BE-180, 2019 Benchmark Survey of Financial Services Transactions Between U.S. Financial Services Providers and Foreign Persons

In September and October, the U.S. Bureau of Economic Analysis (“BEA”) is conducting its 2019 Benchmark Survey of Financial Services Transactions Between U.S. Financial Services Providers and Foreign Persons. This survey requires certain U.S. persons to file a Form BE-180 every five years, and there are important changes introduced for the 2019 version (detailed below). This report is not the same as the BE-10 survey that some investment advisers filed earlier in 2020, but many U.S. investment advisers with non-U.S. clients and investment funds will be required to file one or both of the BE-10 and BE-180 surveys.

Who Must Report. A U.S. investment adviser that received management fees or incentive fees or allocations in 2019 from non-U.S. persons (including, for example, a non-U.S. fund even if all the investors are U.S. tax exempt persons) must total all these items because they qualify as “sales.” Commissions paid by U.S. funds to foreign brokers qualify as “purchases.” Formerly, U.S. financial services providers, such as hedge funds, that had sales or purchases of financial services to or from non-U.S. persons greater than \$3 million in the surveyed year were required to file a Form BE-180, even if the BEA did not contact the service provider. However, those not contacted by the BEA and below \$3 million in sales and \$3 million in purchases were not required to complete the survey. New for 2019, the BEA changed the reporting requirements so that even U.S. financial services providers below the independent \$3 million thresholds and not contacted by the BEA must complete a portion of the survey. Hence, the survey is now mandatory for all U.S. hedge funds, and the \$3 million threshold for sales and \$3 million threshold for purchases are only relevant in determining how rigorous the survey requirements will be for a given fund. Those below \$3 million in sales and purchases provide a total dollar amount for their sales and purchases, respectively. Those above \$3 million in both sales and purchases must go beyond providing the respective totals and further disaggregate the totals by country and by relationship to the foreign transactor. Those with either sales or purchases above \$3 million and the other below \$3 million must provide the totals for both and further disaggregate for the one above \$3 million. Thus, for instance, a reporter that exceeds the threshold for sales of financial services (i.e., \$3.5 million in sales exceeds the sales threshold by \$500,000) but falls below the threshold for purchases (i.e., \$2.5 million in purchases falls short of the purchases threshold by \$500,000) is required to provide both totals but proceed to further complete *only* the more rigorous Schedule A relating to sales.

How to File and Deadline. Forms can be e-filed via the BEA website (deadline October 30, 2020) or filed by facsimile or mail (deadline September 30, 2020). Some reporters may have received a notification letter with incorrect filing deadlines, but the BEA clarified that the above

October 14, 2020

Page 2

filing deadlines are correct for all reporters. While reporters may request an extension of the filing deadline either in writing or through the BEA's e-filing system, the BEA encourages the latter due to disruptions in manual processing caused by COVID-19. Such requests must be received by the respective filing deadline for each intended filing method. The BEA is allowing reporters to provide estimates where the data required to be provided in the survey is unavailable or difficult to access.

Additional Information. Additional information on the Form BE-180 can be found at the BEA website: <http://www.bea.gov/ssb/be180/>, by emailing the BEA at BE-180help@bea.gov, or calling (301) 278-9303.

This letter is not intended as specific or complete advice and is subject to change. For further assistance, please contact one of the attorneys in the Investment Funds & Advisers group at Shartsis: John Broadhurst, Geoffrey Haynes, Carolyn Reiser, Neil Koren, Jim Frolik, Christina Hamilton, David Suozzi, Anthony Caldwell, Jahan Raissi, Kevin Leiske, Joan Grant, or Bradford Clements.

SHARTSIS FRIESE LLP