



BETTY T. YEE
California State Controller

January 29, 2016

Mary Jo White, Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

SUBJECT: Private Equity Disclosure Issues

Dear Chair White:

I am writing once again to respectfully urge the Securities and Exchange Commission (SEC) to take action to increase transparency for private equity investors. As I noted in my letter dated October 12, 2015, the lack of full disclosure of private equity firm expenses poses hidden risk that inevitably results in an inherent financial disadvantage to the limited partners (LPs). It has been a considerable challenge for even the most sophisticated investors to negotiate the appropriate level of fee disclosures with all general partners. To address this issue, I offer the following two suggestions to improve the situation.

Today, Institutional Limited Partners Association (ILPA) released a fee reporting template for private equity investors. This was produced after months of research and input from both investors and private equity fund managers. The final product is now available for use and includes reporting of expenses for both the partnership and portfolio company. This improved fee disclosure will help all investors to more fully understand and track expenditures, which ultimately impact their returns.

However, this template will only be used on a voluntary basis to the extent the LPs are able to successfully negotiate it into their investment contracts. I strongly encourage the SEC to undertake a rulemaking process using the template as the basis to require full disclosure of all fees on both the partnership and portfolio company level. This will help to ensure that LPs have equal information as well as rule out a general partner excluding LPs who demand full disclosure of fees.

My second suggestion is a simple administrative change to enhance fee and expense disclosures made by private equity advisers to the SEC by expanding your existing database of Form ADV disclosure statements filed by registered Investment Advisers (Advisers) to include historic filings. Almost all Advisers are required to make annual filings of Form ADV to the SEC, as well as additional filings whenever material changes to certain information occurs. However,

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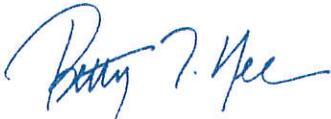
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unlike your EDGAR database for corporate filings, in which every version of every filing ever posted to the EDGAR database is publicly accessible, the SEC's database of Form ADV disclosure statements only makes the current version of Advisers' Form ADV available on its website.

The change I am proposing would bring the SEC Form ADV database up to the standard of the SEC's EDGAR database of corporate filings, in that every version of every filing ever posted to EDGAR remains publicly accessible. Investors routinely compare new filings with prior ones in the EDGAR context, and likely would strenuously object if the SEC ever proposed to curtail the availability of historic filings. There is certainly compelling evidence that private equity investors need the same level of transparency that EDGAR database users receive.

Thank you for your prompt attention and efforts to bring more transparency to private equity investors, many of whom are working on behalf of retirees.

Sincerely,

A handwritten signature in blue ink, appearing to read "Betty T. Yee". The signature is fluid and cursive, with the first name "Betty" being the most prominent.

BETTY T. YEE

cc: Ted Eliopoulos, Chief Investment Officer, CalPERS
Christopher J. Ailman, Chief Investment Officer, CalSTRS
Margot Wirth, Director of Private Equity, CalSTRS
Réal Desrochers, Managing Investment Director, Private Equity, CalPERS
Robert Feckner, Board Chair, CalPERS
Harry M. Keiley, Board Chair, CalSTRS