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AGRICULTURE, NUTRITION, AND FORESTRY
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United States Senate

WASHINGTON, DC 20510

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July 21, 2026

The Honorable Paul Atkins
Chairman
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

The Honorable Michael Selig
Chairman
Commodity Futures Trading Commission
1155 21st Street NW
Washington, DC 20581

Dear Chairman Atkins and Chairman Selig:

I write to urge you to begin enforcing compliance with the updates to Form PF as initially proposed. It is critically important that regulators have a better understanding of the risks in private markets, in order to protect investors and prevent disruptions to the broader financial system.

I am deeply concerned about the mounting risks in private credit markets. Now $3 trillion in size[1], the private credit industry is making increasingly bad loans to subprime companies. The failures of First Brands and Tricolor[2], increasing reliance on payments-in-kind among borrowers[3], and concerns around AI disruption to the software industry[4] all demonstrate poor underwriting over the past several years. In reaction, investors have been rushing to get their money out of these souring investments, but have often been trapped.[5]

Even more concerning is the exposure America's traditional financial system has to this market. The big banks have lent almost $300 billion to the private credit industry, much of which lacks covenants that protect the banks in times of crisis.[6] Moreover, the insurance industry is not only exposed to $1 trillion in

[1] Morgan Stanley, *Outlook: Private credit*, (https://www.morganstanley.com/ideas/private-credit-outlook-considerations).
[2] Kalyeena Makortoff, *What is private credit, and should we be worried about the collapse of US firms?,* (October 18, 2025) (https://www.theguardian.com/business/2025/oct/18/what-is-private-credit-us-first-brands-tricolor-banks).
[3] Patturaja Murugaboopathy, *Unrealised losses at US private credit lenders deepen,* (May 29, 2026) (https://www.reuters.com/business/finance/unrealised-losses-us-private-credit-lenders-deepen-2026-05-29/).
[4] Tobias Burns, *AI is boosting the stock market. But it's a threat to private credit,* (May 28, 2026) (https://www.cnbc.com/2026/05/28/ai-is-boosting-the-stock-market-but-its-a-threat-to-private-credit.html).
[5] Olivia Fishlow and Ellen DiMauro, *Trapped in Private Credit, Investors Wait to Pull Out $5 Billion,* (March 26, 2026) (https://www.bloomberg.com/news/articles/2026-03-26/trapped-in-private-credit-investors-wait-to-pull-out-5-billion).
[6] Jeffrey Berg et al, *US banks' private credit loan exposure nears $300 billion,* (October 21, 2025) (https://www.moodys.com/web/en/us/insights/data-stories/breakdown-of-banks-annual-reporting-on-private-credit.html).

risk but also is among the largest purchasers of the low-tranche collateralized loan obligations (CLOs) that would get wiped out in a downturn.[7]

The private credit industry is far too opaque to regulators and the rest of the financial system. Because these firms have never been through a downturn at their current size, markets do not know how to properly value private credit loans and assets in a crisis. As with all financial crises, the panic of not knowing where the floor is makes it far worse. It is important that regulators have the knowledge and the tools to prevent crises before they happen, but that is not possible if they do not know enough about the market.

The updates to Form PF, as originally proposed, would ensure regulators and investors better understand the leverage, interconnectedness, loan quality, and liquidity of this market. It is concerning, therefore, that your agencies have chosen to delay the enforcement of these requirements three times since taking office. Your recent April 24th announcement seeking comments on an extreme watering down of the changes is even more concerning. Beyond these updates, it is critical that you better enforce annual reporting requirements and punish market actors who fail to follow their obligations.

I urge you to move forward with robust, detailed transparency through Form PF by October 1st. Now is not the time for regulators to be in the dark.

Sincerely,

John Fetterman
United States Senator

[7] Heather Gillers, *Insurers' $1 Trillion Buildup in Private Credit Is Leaving Regulators in the Dust,* (April 7, 2026) (https://www.wsj.com/finance/regulation/insurers-1-trillion-buildup-in-private-credit-is-leaving-regulators-in-the-dust-5f84cad8).