



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

April 5, 2010

The Rt. Honorable Alistair Darling, MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ
England

Dear Chancellor Darling:

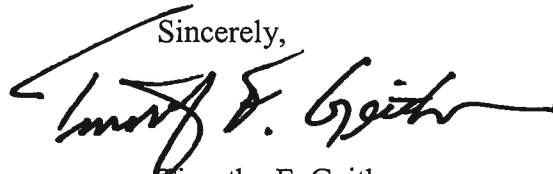
I was happy to learn of the Commission's decision to spend more time considering the Alternative Investment Fund Manager (AIFM) directive. As you consider how to design this important set of reforms, I hope you will keep in mind our shared commitment to create regulatory reform that does not discriminate against foreign firms and maintains a level playing field.

I understand that the draft AIFM directive currently under discussion in the Council would discriminate against third country funds and fund managers by denying them the opportunity to access the EU single market via a passport approach, which would be limited solely to EU funds and fund managers. It is my hope that this provision will be revised to provide non-EU funds, fund managers and global custodians the same access as their EU counterparts and promote a single market.

In the United States, we are actively implementing our G-20 commitment to strengthen regulation and oversight of hedge funds. The Obama administration proposed, and the U.S. House of Representatives has passed, legislation that would require all advisers to hedge funds (and other private pools of capital, including private equity funds) whose assets under management exceed a modest threshold to register with the SEC under the Investment Advisers Act. The registered advisers would then be required to report enough information on their managed funds so that regulators can assess whether any fund poses a threat to overall financial stability by virtue of its size, leverage, or interconnectedness. Some of the information that would be required includes total assets under management, the use of leverage, and counterparty credit risk exposures. Firms that are deemed systemically important by regulators would be subject to heightened supervisory scrutiny and prudential standards, including higher capital, along with stricter liquidity and leverage rules. Finally, our regime will treat all advisers and funds operating in the U.S. equally regardless of their origin – domestic or non-US.

I look forward to more discussions with you about our respective financial reforms. I hope that we can work together constructively to achieve strong financial regulatory reform.

Sincerely,



Timothy F. Geithner

Identical letter sent to:

The Honorable Wolfgang Schäuble
The Honorable Christine Lagarde
Her Excellency Elena Salgado Méndez