



News Release

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MANAGED FUNDS ASSOCIATION RESPONDS TO SEC ACTIONS ON SHORT SELLING

WASHINGTON, D.C. – Richard H. Baker, the President and CEO of Managed Funds Association, issued the following statement on the Securities and Exchange Commission's (SEC) new rules governing short selling:

"MFA is concerned about the instability that is shaking the nation's financial system. This crisis is the result of risk management failures and disclosure by the investment firms and banks that are collapsing, not the actions of hedge fund managers.

The SEC's actions and the actions of the FSA regarding short sales could result in hurting the markets that are actually functioning properly (equity and options markets), throwing them into disarray. Short selling is a legitimate investment strategy that responds to market fundamentals and contributes to the proper setting of stock prices. It is also a vital component of good risk management for many investors that allows them to provide much needed liquidity to our capital markets.

These hastily developed rules will not solve the challenges rippling through the financial sector of the economy, but they could inflict long-term damage on the markets by reducing liquidity and may well further market instability. MFA stands ready to work with the SEC and Congress to properly inform this process and ensure that it does not yield unintended consequences or prolong this crisis."

About Managed Funds Association

MFA is the voice of the global alternative investment industry. Its members are professionals in hedge funds, funds of funds and managed futures funds, as well as industry service providers. Established in 1991, MFA is the primary source of information for policy makers and the media and the leading advocate for sound business practices and industry growth. MFA members include the vast majority of the largest hedge fund groups in the world who manage a substantial portion of the approximately \$2 trillion invested in absolute return strategies. MFA is headquartered in Washington, D.C., with an office in New York. For more information, please visit: www.managedfunds.org.

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