



News Release

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CONTACT: Steve Hinkson
(202) 367-1140

MFA SUPPORTIVE OF BAFIN APPROACH TO SHORT SELLING DISCLOSURE

WASHINGTON, DC – Managed Funds Association (MFA) today expressed support for the regulatory approach adopted by Germany's Federal Financial Supervisory Authority (BaFin), though MFA has concerns about the details of the requirements for investors to disclose net short sale positions at certain thresholds.

The BaFin General Decree mandates private reporting of net short-selling positions in selected financial stocks at a threshold of 0.2% or more, and further disclosure – to be anonymised and posted on the BaFin homepage – at a level of 0.5% or more of the selected stocks. The new requirements will be implemented on March 25, 2010 and are scheduled to be enforced until January 31, 2011.

MFA believes BaFin has taken a responsible approach to increasing regulator access to short selling information while also protecting investors, and encourages other regulatory authorities to strike the same balance. The German Alternative Investments Association (BAI) joins MFA in supporting BaFin's effort to preserve investor participation and confidence in markets by keeping short position reporting private and, when made public, anonymous.

MFA also believes that public disclosure of short position information should be done in a manner that mitigates costs to investors. MFA urges BaFin to clarify the details of the reporting requirements in order to assist investors seeking to implement operational procedures to efficiently report the appropriate data.

The BaFin approach recognizes that market abuse is distinct from legitimate short selling, which allows investors to mitigate risk, provide needed liquidity to markets, and aid in capital formation. MFA strongly supports efforts to prevent market manipulation and abuse because, as investors, MFA members have a strong interest in stable, liquid, and honest markets.

MFA encourages BaFin to track, analyze, and make public the impact of its disclosure requirements on the functioning of equity markets. Such data will enable BaFin and market participants to better judge the effectiveness of the regulations at the end of the enforcement period.

MFA looks forward to reviewing the decree in more detail, and working with regulators during the implementation process.

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 \$1.5 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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