



News Release

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**MANAGED FUNDS ASSOCIATION JOINS MAJOR DEALERS
IN PRESENTATION OF NEW STRATEGIC VISION TO REGULATORS
Operations Management Group Sets Strategic Roadmaps and Seven High Level Goals**

WASHINGTON, D.C. – Managed Funds Association (MFA) today announced that, through its participation in the Operations Management Group (OMG), it is joining the 16 major derivatives dealers (the Major Dealers) in presenting a letter to industry regulators that establishes a series of strategic roadmaps and seven high level goals to further improve front-to-back office processing of OTC derivatives and to mitigate risk across the OTC derivatives market.

Today's letter represents a reaffirmation of the continued cooperation between the buy-side institutions of the OMG and the Major Dealers in confronting challenges posed by recent market events. Additionally, the letter builds on the progress made by the OMG to date by laying out new strategic roadmaps to increase market transparency, improve market discipline and efficiency through the use of electronic platforms and reduce systemic risk. These roadmaps articulate objectives, obstacles and milestones across several derivative asset classes, including credit, equity and interest rate derivatives markets, as well as commodities and foreign exchange/currency derivatives markets. Finally, the letter addresses counterparty credit risk concerns by setting forth commitments regarding central counterparty clearing, electronic novation processing and collateral management.

Richard H. Baker, MFA President and CEO, said, "MFA is pleased to continue its role in developing and advancing an aggressive industry vision for increasing market transparency, improving operational efficiency in OTC derivatives processing and reducing systemic risk. Our capital markets have been under increased stress lately and that is why MFA reaffirms its commitment to work closely with the Major Dealers to address concerns in the OTC derivatives markets by the development of strategic roadmaps and high level goals. MFA fully endorses the collaborative efforts to promote sound practices and pledges to continue to work actively with our constituents and other market participants to educate the marketplace on the strategic vision presented in this letter."

In the letter, the OMG also establishes seven high level goals across the OTC derivatives market forming the core of the industry's strategic vision going forward. The seven goals identified in the letter are:

- Full global use of central counterparty processing and clearing to significantly reduce counterparty credit risk and outstanding net notional positions;
- Continued elimination of economically redundant trades through trade compression;

- Electronic processing of eligible trades to enhance T+0 confirmation issuance and execution;
- Elimination of material confirmation backlogs;
- Risk mitigation for paper trades;
- Streamlined trade life cycle management to process events (*e.g.*, Credit Events, Succession Events) between upstream trading and confirmation platforms and downstream settlement and clearing systems; and
- Central settlement for eligible transactions to reduce manual payment processing and reconciliation.

MFA began working with the dealer community in early 2005 to develop ways to improve processing practices for new trades and novations in the credit derivatives market. Since that time, collaborative efforts with the Major Dealers, the International Swaps and Derivatives Association and the Securities Industry Financial Markets Association led to initiatives that resulted in substantial reductions in backlogs of trade confirmations for credit derivatives.

MFA first joined the Major Dealers in presenting a letter to industry regulators detailing operational targets and commitments in March 2008 and again in July 2008. MFA is dedicated to continuing its collaboration with the Major Dealers and service providers to prioritize future standardization efforts across OTC derivatives and other financial products.

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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