



News Release

FOR IMMEDIATE RELEASE
March 2, 2010

CONTACT: Steve Hinkson
(202) 367-1140

MFA EXPRESSES CONCERN REGARDING EUROPEAN SHORT SALE DISCLOSURE RECOMMENDATIONS; EXPRESSES SUPPORT FOR HONG KONG REGULATORY APPROACH

WASHINGTON, DC – Managed Funds Association (MFA) today expressed concern regarding a proposal from the Committee of European Securities Regulators (CESR) to require investors to publicly disclose short sale positions. MFA also expressed support for today's proposal from the Hong Kong Securities and Futures Commission (SFC), under which investors would privately report short positions to regulators.

The CESR report recommends that its members adopt rules requiring investors to disclose publicly each short position in an equity security that exceeds a threshold level of 0.5% of a company's issued share capital. MFA recently released an independent study that indicates that public disclosure regimes harm markets for all investors.

MFA looks forward to reviewing the text of the proposal in more detail, and working with European regulators to develop a framework that protects investors and enhances market integrity.

MFA strongly supports efforts to enhance investor confidence, improve existing regulatory frameworks, and establish smart, effective rules for capital markets. As regulators consider reform measures, it is important that they take into account the potential important effects of new disclosure requirements on investors, markets, and capital formation. MFA notes that a recent independent quantitative analysis of existing public short sale disclosure requirements in the United Kingdom (UK) by Oliver Wyman demonstrates that public disclosure of short positions has led to higher costs for all investors, including pension funds, endowments, and retail funds.

MFA supports the goal of increasing the level of information on short selling available to regulators, and believes that this goal could be achieved through private reporting of short positions to regulators. Private reporting would provide regulators with comprehensive short selling information that would allow them to identify and investigate any potentially abusive activity, while mitigating the consequences of public disclosure to markets and investors.

In this respect, MFA believes the regime announced today by the Hong Kong Securities and Futures Commission (SFC) is preferable for both markets and investors. Under the SFC regime investors would privately report short positions to regulators, who would then publish aggregated, anonymous information for each security on a delayed basis. Such a framework will provide important information to regulators while mitigating costs to investors. MFA looks forward to reviewing the details of the SFC proposal as they become available.

MFA condemns market abuse, which is distinct from legitimate short selling. MFA supports efforts of regulators to bring enforcement actions against market manipulators and other forms of market abuse. As investors, MFA members have a strong interest in stable, liquid, and honest markets.

[Oliver Wyman report](#)

[MFA comment letter to CESR](#)

[MFA response to SEC short selling restrictions](#)

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.

###