MANAGED FUNDS ASSOCIATION
The Voice of the Global Alternative Investment Industry
WASHINGTON, DC | NEW YORK

February 16, 2010

Via Electronic Mail: rules_comments@ao.uscourts.gov

Mr. Peter G. McCabe
Secretary
Committee on Rules of Practice and Procedure
Of the Judicial Conference of the United States
Thurgood Marshall Federal Judiciary Building
Washington, D.C. 20544

Re: Proposed Amendment of Federal Rule of Bankruptcy Procedure 2019

Dear Mr. McCabe:

Managed Funds Association ("MFA") is pleased to submit comments to the Judicial Conference Committee on Rules of Practice and Procedure (the "Committee") on the proposed amendment to Federal Rule of Bankruptcy Procedure 2019 ("Proposed Rule 2019"). 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.

We appreciate the Committee's efforts to update and modernize Rule 2019 to provide a bankruptcy court with greater transparency with respect to a group's economic interests, including short and "synthetic" positions, in a debtor. MFA supports the amendment of Rule 2019 to the extent it would require disclosures that will enable the bankruptcy court, the debtor and other parties in interest to understand the size of a group of creditors' interest in the restructuring process and the committee members' "long" holdings.

MFA has strong concerns, however, with the provision in Proposed Rule 2019 that would compel public disclosure of the date and price at which a party acquired (and/or sold) its economic interest. We write in full support of the positions articulated in the Loan Syndications and Trading Association and the Securities Industry and Financial Markets Association's February 1, 2010 letter to you on *Proposed Amendment of Federal Rule of Bankruptcy Procedure 2019* (the "LSTA/SIFMA Letter"). As established through bankruptcy jurisprudence, the price paid for a bankruptcy claim bears no legal or practical relevance to how it should be treated in the debtor's bankruptcy. Significantly, we note Judge Gerber's support at the Committee's February 5, 2010 public hearing on

Proposed Rule 2019 for the deletion of the disclosure requirements for the time and price of acquisition so long as the bankruptcy court otherwise retains the power to require disclosure of such information in appropriate circumstances. We are concerned that requiring members of a group or committee to disclose date and pricing information on bankruptcy claims, Proposed Rule 2019 would discourage holders of bankruptcy claims from working together and playing active and beneficial roles in chapter 11 restructurings. We believe that Rule 2019 can be amended to achieve the Committee's goals of obtaining greater transparency with respect to the economic interests of holders of bankruptcy claims without damaging the chapter 11 restructuring process.

MFA's members include investors in distressed debt. We believe investors in distressed debt play an important role in the secondary loan market, providing a critical source of liquidity to market participants looking to sell their bonds, claims or participations in bank debt. The involvement of distressed debt investors in chapter 11 cases have led to faster, more efficient corporate reorganizations and improved focus on enterprise strategies that maximize long-term enterprise value. Further, these investors often provide an important means of financing for corporations. Distressed debt investors are sophisticated investors who make decisions to buy or sell bankruptcy claims based on highly confidential and proprietary analyses. Proposed Rule 2019 would compel an investor to publicly disclose its most confidential and proprietary information—the date and price at which it acquired its bankruptcy claim.

We are concerned that Proposed Rule 2019, as drafted, would have a significant negative impact on the restructuring process for all of the reasons discussed in the LSTA/SIFMA Letter. We respectfully urge the Committee to consider adopting the proposed revisions to Proposed Rule 2019 set forth in the LSTA/SIFMA Letter. If you or members of the Committee have questions or comments on our letter or views on amending Rule 2019, please do not hesitate to contact Jennifer Han or me at (202) 367-1140.

Sincerely,

/s/ Stuart J. Kaswell

Stuart J. Kaswell
Executive Vice President and
Managing Director, General Counsel