



MFA Launches New Website Offering Educational Materials on the Hedge Fund Industry:

On September 14, MFA officially launched Hedge Fund Fundamentals, a new website offering informative and educational materials on the hedge fund industry. The new site, available at www.hedgefundfundamentals.com, will answer basic questions about our industry, such as “what is a hedge fund?” It also offers users the tools needed to gain a better understanding of how hedge funds benefit investors and our economy.

“Hedge funds are a vital part of the economy, but are often misunderstood. By providing accessible and engaging tutorials on this new site, we hope we can help improve communication and understanding surrounding the hedge fund industry,” stated Richard H. Baker, MFA’s president and CEO.

Check back to www.hedgefundfundamentals.com often, as we will be adding new and updated presentations and materials. On the site, you can sign up to be alerted when new materials are available. Be a part of the conversation on Twitter by following MFA – @MFAUpdates.

MFA Elects 2012/2013 Board of Directors, Representing Diverse Group of Leaders with Continued Focus on Global Outreach and Engagement:

On September 11, Managed Funds Association (MFA) announced its 2012/2013 Board of Directors. The new Board represents a diverse group of leaders from the hedge fund and managed futures industry with years of regulatory experience and a global perspective. The new Board signals MFA’s continued goal of constructive engagement with policy makers and regulators around the world.

With the new group of leaders installed to guide MFA forward for the next year, MFA remains committed to representing the alternative investment industry as many new reforms and regulations are implemented. As these new regulations progress, MFA and its Board will remain deeply involved in the process of constructively working with policy makers and regulators.

The Board unanimously re-elected William R. Goodell, Chief Operating Officer, Maverick Capital, Ltd., as its chair.

The Board also voted to adopt its new executive committee, which includes Mr. Goodell, Darcy Bradbury, managing director, the D. E. Shaw group; Todd Builione, president and CEO, hedge fund business, Highbridge Capital Management, LLC; Sonia E. Gardner, president, managing partner and co-founder, Avenue Capital Group; Michael Gismondi, chief operating officer, TPG-Axon Capital Management, LP; David Harding, founder, chairman and head of research, Winton Capital Management Ltd.; and Jim Rowen, chief operating officer, Renaissance Technologies LLC.

“The alternative investment industry is increasingly a global industry, with MFA members located in many of the financial centers in the world. Because of this, MFA’s membership elected a board that

truly reflects the global focus of our membership,” said Mr. Goodell. “With so many regulatory and policy discussions underway it is essential that MFA is able to credibly engage with decision makers on the issues most significant to our industry on a coordinated and global basis, and I believe this Board allows MFA to be incredibly effective in these advocacy and educational efforts.”

The full [press release is here](#).

MFA Comments Highlighted Following SEC Jobs Act Meeting:

On August 29th, the Securities and Exchange Commission (SEC) held an open meeting where the [proposed rule](#) to eliminate the prohibition against general solicitation for certain securities offerings was approved by a 4-1 vote.

Stuart Kaswell, MFA’s Executive Vice President and Managing Director, General Counsel, was quoted in articles by [Bloomberg](#), [Reuters](#), and [The Wall Street Journal](#), saying that, “These steps will help modernize existing securities laws in a manner that will enhance financial market transparency and investor protection, and will allow for more efficient capital formation.” MFA remains optimistic about the rule the positive affects it will have on the industry. MFA will remain engaged with regulators and assist in giving informative and constructive feedback during the 30-day comment period following the rule’s publication in the Federal Register.

MFA’s full statement can be [downloaded here](#).

MFA, BNY Mellon Release Industry White Paper Focused on Hedge Funds and Risk Management:

On September 5th, the Managed Funds Association, BNY Mellon and HedgeMark presented a collaborative industry white paper. The paper, entitled “[Risk Roadmap: Hedge Funds and Investors’ Evolving Approach to Risk](#),” includes survey data and analysis on risk management, which has become a topic of great interest in the hedge fund industry over the past few years.

In an [op-ed for Absolute Return + Alpha](#), Richard Baker, MFA’s President and CEO, said of the study: “Today’s hedge funds operate in a dramatically different environment than five or ten years ago. While some changes have been driven by external factors, many have come from within, founded in the belief that fund managers and investors form a partnership based on shared goals. While risk is inevitable in the marketplace, fund managers have taken great strides to improve how they manage and minimize risk for their funds and investors. In doing so, managers have found that transparency and communication – as well as reliance on independent parties – are important components to help strengthen the investor, fund partnership.”

The report shows that in the aftermath of the 2008 financial crisis, hedge funds responded to investors’ requests for increased transparency with lengthier due diligence and improved risk management policies and practices. In addition, the report provides numerous data points highlighting the growing importance of risk management to the industry and its investors. These include:

- 79% of firms separate their risk manager and fund manager functions to ensure independent oversight.
- 84% of hedge funds use off the shelf risk analytics.
- Five years from now, 41% of investor reporting will be published daily or weekly.

MFA Submits Comments to USTR on Mexican Bankruptcy Law for Trade

Negotiations:

MFA [submitted comments](#) on September 4th to the U.S. Trade Representative (USTR) concerning the Mexican Business Reorganization Act as demonstrated by Vitro S.A.B. de C.V.'s reorganization process, in response to the USTR's request for comments on negotiating objectives with respect to Mexico's participation in the proposed Trans-Pacific Partnership Trade Agreement. MFA is concerned that the Mexican Business Reorganization Act is susceptible to manipulation by debtors, by allowing company insiders to engineer outcomes that are highly prejudicial to legitimate third-party creditors, such as the extinguishment of certain creditor claims.

MFA and AIMA Jointly Submit Comments to CFTC on Proposed Cross-Border Guidance:

On August 28th, MFA and the Alternative Investment Management Association (AIMA), submitted a [joint comment letter](#) to the Commodity Futures Trading Commission (CFTC). The letter responded to the CFTC's "Proposed Interpretive Guidance and Policy Statement on Cross-Border Application of Certain Swaps Provisions of the Commodity Exchange Act." MFA and AIMA raised concerns about the proposed definition of "U.S. person" and the way it applies to non-U.S. funds. MFA and AIMA advocated for the CFTC to modify the proposed guidance to instead adopt the definition of "U.S. person" in Regulation S of the Securities Act of 1933. In the event that the CFTC did not adopt that definition, MFA and AIMA also suggested amendments to prongs (ii), (iv) and (v) of the proposed "U.S. person" definition to ensure that it functions appropriately in the fund context. Lastly, MFA and AIMA urged further coordination between the CFTC and other U.S. and international regulators to avoid duplicative regulation and to address issues related to the practical details of how substituted compliance will work in practice.