



MFA's 2012 Year in Review:

MFA invites you to read our [2012 Year in Review](#). Building on the success of 2011, last year was another notable year for MFA's 3,600 members. With the continuing pace of global financial regulatory reform, MFA was actively engaged with regulators all over the world, serving as the global voice of the alternative investment industry.

In 2012, MFA continued to grow its membership, coordinate globally on the evolving financial regulatory landscape, represent the industry before the U.S. Congress and other global policy makers, expand its communications initiatives, and bring together industry luminaries through MFA events.

Washington Post Article Highlights JOBS Act and Hedge Funds:

An [article that appeared in the *Washington Post*](#) discusses the Jumpstart Our Business Startups (JOBS) Act and related hedge fund rules. The rules have yet to be finalized by the Securities and Exchange Commission (SEC) and would remove the ban on general solicitation for private offerings.

As noted in the article, the JOBS Act provisions will only remove the ban on general solicitation, not on who can invest. The same "accredited investor" standard that has been in place for decades will control who can invest.

MFA's Executive Vice President and Managing Director, General Counsel Stuart Kaswell was quoted in the story, saying, "The complicated rules about how to communicate and who can know may have made sense once upon a time, but not anymore," Kaswell told the *Post*.

But, as Kaswell also says in the article, the limit on who can invest is still important. "But if a company runs afoul of the solicitation law, the consequences can be dire. A hedge fund or any other firm that relies on private offerings would be exposed to regulatory sanctions and suffer damage to its reputation, Kaswell said."

Read the full text of the [Washington Post article online here](#).

CFTC Issues Relief to CPOs and CTAs:

On Friday, December 21, the Commodity Futures Trading Commission (CFTC) issued several No-Action relief letters, two of which may be of particular interest to MFA members who are new commodity pool operators (CPO) and/or commodity trading advisors (CTA).

Relief for Investors in Legacy Securitization Vehicles

The CFTC provided relief for investors in legacy securitization vehicles. In the No-Action Letter, the Division of Swap Dealer and Intermediary Oversight provides that it will not recommend that the CFTC

take enforcement action against the operator of a fund that invests in a legacy securitization vehicle whose operator is entitled to no-action relief under the terms of the CFTC No-Action Letter. No. 12-45, and who otherwise would not be required to register as a CPO, for failure to register as a CPO.

For details, please see: [CFTC Letter No. 12-67](#). See also, [CFTC Letter No. 12-45](#) (relief for issuers).

Request for Temporary Registration Relief for CPOs and CTAs

The CFTC also is providing relief to those who are registering as a result of amended CFTC Regulation 4.5 and rescinded Regulation 4.13(a)(4). The Staff is providing relief by requiring that new registrants submit all application materials by December 31, 2012, rather than be registered by this date.

For details, please see: [CFTC Letter No. 12-68](#).

European Commission Adopts EMIR Technical Standards, AIFMD

Delegated Acts:

On December 19, 2012, the European Commission adopted technical standards on the European Markets Infrastructure Regulation (EMIR) as well as the Level 2 measures for the Alternative Investment Fund Managers Directive (AIFMD). Summaries of both issues are listed below.

EMIR

The European Commission adopted nine regulatory and implementing technical standards to complement the obligations defined in EMIR. The technical standards were developed by the European Supervisory Authorities and have been endorsed by the European Commission without modification. As with any other EU Regulation, the provisions will be directly applicable (legally binding in all Member States without implementation into national law) from the day of entry into force.

EMIR technical standards on risk mitigation techniques for non-centrally cleared trades are subject to the Basel Committee on Banking Supervision (BCBS) and International Organization of Securities Commissions (IOSCO) work on margin requirements, which is expected by the end of December. View the European Commission's press release [here](#).

AIFMD

The European Commission also adopted delegated acts supplementing AIFMD with regard to exemptions, general operating conditions, depositaries, leverage, transparency, and supervision.

The delegated acts will now be transmitted to the European Parliament and the Council of the European Union, which then have three months to object to the acts or to revoke the delegation. If neither the European Parliament nor the Council of the European Union objects to the act within the three month period, the delegation will be published in the Official Journal of the European Union and enter into force on the twentieth day following its publication.

[Click here](#) to read the European Commission's press release.

[Click here](#) to read the delegated regulation.

[Click here](#) to read the impact assessment summary.

[Click here](#) to read the full impact assessment.

MFA Submits Proposals for CFTC to Consider with respect to § 4.13(a)(3):

On December 19, MFA [submitted a letter](#) to the Commodity Futures Trading Commission (CFTC) urging it to consider adopting new guidance on the application of § 4.13(a)(3) for funds that invest in other collective investment vehicles (fund of funds), such as certain securitization vehicles, certain ETFs, mortgage REITs, and private funds. At the time many of these vehicles were created, and at the

time funds invested in them, CFTC rules did not classify such products as commodity pools, to the extent the CFTC has concluded that certain products are commodity pools. The new categorization makes the CFTC registration rule changes particularly problematic and potentially quite disruptive to strategies employed by MFA members in managing their fund of funds, because members largely cannot secure contractual arrangements with underlying funds, and generally cannot obtain daily, weekly, or even monthly information on an underlying fund's commodity interest exposure. Accordingly, MFA urged the CFTC to consider adopting a more simplified alternative methodology for fund of funds to comply with § 4.13(a)(3) and provided recommendations in the comment letter.

MFA Releases QR Code Resource Sheet:

This month, MFA released its latest in a series of online resources – QR Codes for many of MFA's educational resources. These easy to use QR Codes, which can be scanned with a smartphone, allow seamless access to online materials and resources.

When users scan the QR Codes on the sheet, they will automatically be redirected to the corresponding resource, including MFA's blog, @MFAUpdates – MFA's Twitter account, the MFA Hedge Fund Investor Map, MFA's comment letter database, or the Hedge Fund Fundamentals website. These resources, along with the others that are included, provide a range of hedge fund industry information, from basic tools such as MFA's "What is a Hedge Fund" infographic and our social media outlets, to in depth presentations found at www.hedgefundfundamentals.com.

[Click here](#) to access the QR Code Resource Sheet.

Latest Hedge Fund Fundamentals Presentation: How Hedge Funds Are Structured:

The newest educational resource was released on www.hedgefundfundamentals.com: How Hedge Funds Are Structured. This new presentation, along with the many others available on the site, offers users a simple guide to learning the basic structure of hedge funds.

This resource will guide users through hedge fund structures, covering topics such as:

- Hedge funds' typical partnership structure
- Organizational structure at many hedge funds
- Due to their structure, only certain types of investors can invest with hedge funds
- The role of portfolio managers
- The typical role of general counsels, auditors, and administrators at hedge funds
- How prime brokers interact with hedge funds
- Executing brokers and their role in the hedge fund industry
- Fee structure at hedge funds

To view the How Hedge Funds Are Structured presentation, [click here](#).