



MFA Testifies Before Senate Agriculture Committee on CFTC

Reauthorization:

On July 17th, Adam Cooper, Senior Managing Director and Chief Legal Officer of Citadel LLC, [testified on behalf of the Managed Funds Association](#) at a hearing of the U.S. Senate Committee on Agriculture, Nutrition and Forestry. The hearing focused on the reauthorization of the Commodity Futures Trading Commission (CFTC).

In his testimony Mr. Cooper urged Congress to:

- amend the Bankruptcy Code to help shield derivatives customers from another MF Global or Peregrine-like failure by enhancing protections of customer collateral;
- improve and streamline oversight of commodity pool operators and commodity trading advisors;•amend the Commodity Exchange Act by adopting stronger protections for confidential information;
- encourage data-driven regulations concerning position limits; and
- continue to encourage international coordination on the global regulation of derivatives through its oversight of the CFTC and through Congress’s international diplomacy.

Read the [full text of Mr. Cooper’s written testimony](#). You can also [read more information and watch a webcast of the hearing at the Committee’s website](#).

MFA Releases Hedge Fund Due Diligence Presentation:

Recently, Managed Funds Association released the new “Hedge Fund Due Diligence” presentation to provide investors with educational resources about the hedge fund industry in the post-JOBS Act climate. The presentation is designed as an educational tool with basic information about who can invest in hedge funds, as well as some potential red flags regarding investment fraud.

The Security and Exchange Commission’s new rules allow hedge fund managers to advertise and provide information about their funds to the general public. The presentation emphasizes that despite these advertisements being accessible to the general public, it remains true that only accredited investors can invest in advertised hedge funds.

The presentation also covers the various criteria involved to determine who is an accredited investor, along with precautions to take when considering whether it is the right decision for one to invest in hedge funds.

[View and download the “Hedge Fund Due Diligence” presentation online here.](#)

MFA and AIMA Submit Comments on Proposed SEC Regulation SCI:

MFA and AIMA submitted comments to the Securities and Exchange Commission (SEC) on its proposed Regulation Systems Compliance and Integrity (Reg SCI). In the letter, MFA and AIMA expressed support for the policy goals behind Reg SCI and for requiring SCI Entities to have policies, procedures and controls to ensure that their systems have levels of capacity, integrity, resiliency, availability, and security to maintain their operational capacity. MFA and AIMA made a few recommendations to clarify the scope of the policies and help reduce the burden of the proposed regulation so that Reg SCI will not impair competition or innovation in the markets. MFA and AIMA also emphasized that an important distinction needs to be made between market utilities and general market participants, and that the proposed regulation should only apply, as currently proposed, to market utilities.

Read the [comment letter to the SEC regarding proposed Reg SCI](#).

Points of Focus for Hedge Fund Managers in a Post-JOBS Act Era:

Brooke Harlow, MFA's Executive Vice President and Managing Director for Development and Communications, [wrote an op-ed published in *Institutional Investor's Alpha*](#), discussing how fund managers may wish to reconsider their approach to marketing and building a brand now that the general solicitation ban is lifted. Harlow wrote that the elimination of the general solicitation ban via the Jumpstart Our Business Startups (JOBS) Act will lead to "greater transparency and information sharing between funds and those qualified to invest with them."

In the new post-JOBS Act climate, Harlow recommended four issues for managers to explore: brand, media relations, events and speaking engagements, and digital and social media.

Building a brand may seem irrelevant to a numbers-driven manager, but Harlow noted that it is "the foundation of a business with staying power." Media relations will also be useful, as managers will now be able to correct inaccurate reporting and the public record. In addition, Harlow wrote that managers can now reach out to an audience beyond just industry professionals through their events and public speaking engagements, which have consistently been used by fund managers as opportunities to communicate important investment ideas. Digital and social media are also expected to play an important role in the Post-JOBS Act era, as they further contribute to building a company's brand.

Read [Brooke Harlow's full op-ed in *Institutional Investor's Alpha*](#).

MFA Releases Latest Hedge Fund Educational Videos:

Over the last month, the Managed Funds Association released the final three videos in a series designed to educate viewers on a number of aspects related to the global hedge fund industry. The videos, covering topics such as [short selling](#), [correcting misconceptions about the hedge fund industry](#), and the [future of the hedge fund industry](#), touch on a number of relevant topics and gives viewers a better understanding on the importance of hedge funds and how they are relevant to the daily lives of the general public.

View "[What is Short Selling and How Does it Benefit Investors?](#)" on MFA's YouTube Channel here. "[How Are Hedge Funds Relevant to the Daily Lives of the General Public?](#)" can be viewed online here, and "[What Does the Future Look Like for the Hedge Fund Industry?](#)" can be viewed here.

[Visit the Managed Funds Association's YouTube Channel](#) and view the entire video series about the global hedge fund industry.

Better Pension Performance Correlated with Allocation to Alternatives:

Cliffwater recently found that better performing state pensions generally had higher allocations to alternatives, according to a recent article from *Infovest21*. The article states that the top performing state pension over the past 10 years also had the highest allocation to alternatives. Incidentally, state pensions, as a whole, added 3% to their alternatives allocations in 2012.

Larger endowments outperform state pensions, possibly due to the higher allocation towards hedge funds and better access to managers—endowments allocate 34% of their alternative assets to hedge funds compared to state pensions, which allocate 17% of their alternatives.

Infovest21 notes that hedge fund allocations are the most rapidly growing alternative sector.

Read more about [pension performance and its correlation with allocation to alternatives online from *Infovest21*](#) here.

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