MFA POLICY BRIEF

MFA Elects New Board of Directors:

The Managed Funds Association (MFA) announced its 2013/2014 Board of Directors this September. The new Board represents MFA's global membership and the Association's commitment to continuing positive, effective outreach to regulators and policy makers worldwide. MFA remains committed to representing the alternative investment industry as many new reforms and regulations are implemented.

The Board unanimously elected John R. Torell, IV, managing director and chief financial officer, Tudor Investment Corporation, as its Chair.

"Ongoing global policy discussions and new regulation relevant to our industry require an effective and engaged MFA," said Mr. Torell. "Over thirty-percent of the Dodd-Frank Act rules have yet to be proposed, the EU continues to implement regulations, and regulatory regimes are being refined or proposed in Asia and other parts of the world where hedge fund investment is growing. This Board of Directors understands the unique challenges we face as a global industry and has the skill, experience, and vision to ensure MFA is a successful advocate for our global member firms."

The Board also elected the following officers to serve with Mr. Torell: David C. Haley, president, managing director, HBK Capital Management, as Vice Chair; and, Howard Altman, co-managing principal and principal-in-charge of the financial services group, Rothstein Kass, as Treasurer.

MFA and its Board remain deeply involved in the process of constructively working with policy makers and regulators. The new group of leaders will guide MFA forward for the next year as new regulations progress.

Read the full 2013/2014 MFA Board of Directors press release.

MFA Submits JOBS Act Letter on Reg D, Form D, Rule 156:

MFA submitted a letter to the Securities and Exchange Commission in response to proposed amendments to Regulation D, Form D and Rule 156 under the Securities Act. The proposed amendments were published in connection with the SEC's prior approval of a rule that would implement the JOBS Act by eliminating the prohibition on general solicitation and advertising in Rule 506 of Regulation D.

In the letter, MFA explains that many of the proposed amendments are duplicative and unnecessary in light of the existing regulatory oversight of, and the information already available to the SEC regarding, the private funds advised by SEC-registered advisers and their activities. The letter recommends specific changes to the proposed amendments that would enable regulators to monitor general solicitation activities while ensuring that firms are able to avail themselves of the benefits of the JOBS Act.

Read the full JOBS Act letter here.

MFA Submits Letter to the U.S. Trustee Program:

MFA submitted a letter to the U.S. Trustee Program (USTP) on rules for Chapter 11 periodic reports. In the letter, MFA urged the USTP to promulgate rules as directed by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 to require debtors in possession and trustees to file periodic reports on uniform forms in Chapter 11 cases under the Bankruptcy Code.

MFA believes that greater, more uniformed disclosures by debtors in possession and trustees will enhance the effectiveness of the bankruptcy process and maximize value for the benefit of all stakeholders, including creditors, shareholders, and employees. MFA also recommended that the USTP consider the federal securities laws as guidance for the types of disclosures that would be meaningful to interested parties in Chapter 11 cases in periodic reports.

View the full letter that MFA submitted to the U.S. Trustee Program.

MFA and AIMA Submit Joint Letter to ESMA with Questions on EMIR:

MFA and AIMA submitted a letter to the European Securities and Markets Authority (ESMA) with additional questions on the application of the European Markets Infrastructure Regulation (EMIR). ESMA has been providing periodic updates to its questions and answers (Q&As) on the implementation of EMIR. In the letter, MFA and AIMA asked ESMA questions related to the following issues: reporting of exchange traded derivatives; foreign exchange contracts under EMIR; and access to and fees charged by trade repositories in connection with access to data provided by reporting entities.

On March 12, MFA and AIMA submitted a set of questions on implementation of EMIR. ESMA responded to many of those questions, but certain key questions remained outstanding. As a result, in this letter, MFA and AIMA specifically reiterated our request for guidance as it relates to: (1) the correct classification of alternative investment funds under EMIR, and (2) the lack of clarity as to the meaning of the word “established” for purposes of determining which entities may comply with a third country’s equivalent regulations and be deemed to comply with EMIR.

Read the full letter to ESMA online here.

State Street Releases Investor-Drive Change Report:

State Street recently released a report that highlights the major changes taking place in the global alternative investment industry, including hedge funds. Particularly noteworthy in the survey of hedge fund managers is the view that hedge fund investors are drivers of change.

The report, which State Street conducted in collaboration with industry data firm Preqin, surveyed 391 alternative asset managers, including 186 from the hedge fund sector. Other managers represented the private equity and real estate sectors. Hedge fund managers reported that, in response to investor needs for new products and fee structures, a number of product and investment changes have been made. Hedge fund managers also noted that they are offering managed accounts, new investment strategies with in-house resources, changing their fee structure, and expanding into new regions.

Managers are also providing more information to their investors while making a number of risk and operational changes in recent years. Hedge fund managers identified fundraising as the biggest challenge over the next five years. They also listed generating performance, adapting to regulations, preserving margins, and finding skilled staff as challenges facing the industry.

Data from Preqin shows that 87% of investors plan to either invest more capital or invest the same amount of capital with hedge funds over the next 12 months. Additionally, nearly all institutional investors interviewed by Preqin from June to August said that regulatory changes and proposals would have no impact on their hedge fund allocations.

View the full report from State Street and Preqin here.

Twitter is a great way to stay on top of the latest news from MFA and the hedge fund industry. Follow MFA on Twitter @MFAUpdates.

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