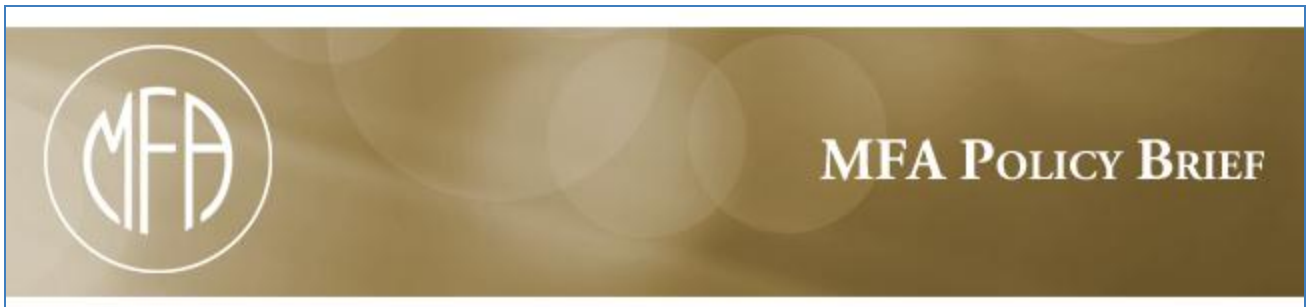

SEC Chair Mary Jo White Discusses Issues Surrounding the Hedge Fund Industry at *MFA's Outlook 2013*:

MFA released a series of video clips from Securities and Exchange Commission (SEC) Chair Mary Jo White's appearance at the *Outlook 2013* conference in New York. Chair White's speech covered a number of topics important to the industry, which MFA has catalogued in video clips, accessible on MFA's YouTube Channel and via www.managedfunds.org. The topics covered in the videos include:

- Recent regulatory changes related to the Dodd-Frank Act
- The JOBS Act and its implications for fund managers
- The value of openness in the hedge fund industry
- MFA's leadership regarding hedge fund registration
- The recent regulatory transformation of the hedge fund industry
- The growing importance of hedge fund transparency and registration
- The value of the hedge fund industry in the financial marketplace
- The growing importance of the hedge fund industry working closely with regulators

We hope you find the videos informative and a useful resource. You can view these and all other MFA videos on our YouTube Channel.

Preet Bharara Addresses *Compliance 2013*:

Preet Bharara, United States Attorney for the Southern District of New York, spoke at MFA's *Compliance 2013* conference in New York City. His remarks focused on the importance of culture at corporate institutions, as well as the importance of integrating compliance and ethics within the entire company.

U.S. Attorney Bharara noted the importance of integrity in the business world, adding that companies should do more to incentivize strong ethics and integrity. "It is money well spent to invest in ethics and good corporate governance for businesses," he said. He also suggested that compliance functions within companies should be thought of as vital to the integrity of the business.

Read more about U.S. Attorney Bharara's remarks at *Compliance 2013* on MFA's website.

MFA Comments on Risk Retention Proposal with Respect to CLOs:

MFA submitted comments to the Securities and Exchange Commission, Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Federal Housing Finance Agency and Department of Housing and Urban Development (collectively, the Agencies) on their proposal on credit risk retention. MFA urged the Agencies to reconsider its analysis of the applicability of Section 941 of the Dodd-Frank Act to open market collateralized loan obligation (CLO) managers as such managers are not by definition "securitizers," nor do they act in such capacity. To the extent the Agencies determine that open market CLO managers fall within the scope of Section 941, MFA urged that the Agencies adopt the proposed regulatory framework set forth in the Loan Syndications and Trading Association's letter. MFA believes such a proposal will achieve the Agencies' objectives while significantly reducing the likely disruption to the CLO market, to commercial businesses and to investors.

Read and download MFA's comments on application of risk retention proposal to CLO managers.
Read the Loan Syndications and Trading Association's letter here.

MFA Releases Managed Futures Factsheet:

Last week, MFA released its latest educational resource on the global alternative investment industry: "The Facts About Managed Futures." The factsheet provides a concise description of the function and benefits of managed futures, while also explaining some of the key differences between public and private pools. This resource explains the purpose of managed futures, their role for investors, how they are regulated, and what fees are charged and disclosed to investors.

The factsheet provides a concise description of the function and benefits of managed futures, and also explains the typical fee structures in public and private pools.
Click here to view the factsheet on Managed Futures.

Download and read "The Facts About Managed Futures" on MFA's redesigned website here.

ECB Staff Working Paper Describes the Benefits of High Frequency Trading:

A recent report published by staff from the European Central Bank notes a number of benefits that high frequency trading provides to markets. The report found that high frequency trading makes markets more efficient, improves price setting, and assists in reducing short-term volatility in markets. The paper also warns that measures aimed at dampening the activities of high frequency traders "could result in less efficient markets."

While the authors note that high frequency trading has overturned other traditional market infrastructures, high frequency traders have neither special market privileges nor special obligations. This helps result in a marketplace that is a "highly competitive environment."

Remco Lenterman, managing director of IMC, a high-frequency trading company, told the *Financial Times* that the new report echoed other recent reports by global regulators. "It is part of a general trend where, under political pressure, regulators are looking into this because it is a concern, but they are actually finding that it [high-frequency trading] is providing real benefits to the market."

Read the full ECB report on high frequency trading online here.
Read the *Financial Times* article here.

Pension Investors' Confidence Report Indicates Progress:

A recent report from the National Conference on Public Employee Retirement Systems (NCPERS) indicates that investment returns and confidence levels are up among public pension administrators while average fee levels have come down.

According to the report, covered recently by *Pensions & Investments*, overall confidence among administrators rose to 7.8 on a 10 point scale, up from 7.7 in 2012. "Annualized returns on three-year investments rose to 10% from 4% in 2012, while 10-year annualized investment returns rose to 7% from 5%; 20-year annualized returns remained at 8%," Hazel Bradford wrote in *Pensions & Investments*.

The average expense for administration and investment manager fees dropped significantly, from 73.1 basis points in 2012 to 57.3 basis points in 2013, the report noted.

"Our annual survey provides convincing evidence that the vast majority of public pension plans are financially sound, well-funded and sustainable for the long term," NCPERS Executive Director and Counsel Hank Kim said in a news release accompanying the study. "It also demonstrates that defined benefit public pension plans are the least costly way to ensure retirement security for American workers."

The report also noted that, on average, pension funds still have room under their target allocations to make additional allocations to hedge funds and other alternatives. The survey included 241 executives of public pension funds with combined assets of more than $1.4 trillion.

Read the full *Pensions & Investments* article online here.

MFA Website Redesign:

Late last month, the Managed Funds Association (MFA) launched a newly designed website, optimized for mobile browsers and featuring an updated look and feel.

One of the key features of the site is the responsive design, which calibrates the site to allow users to access content seamlessly on tablets, smartphones, and other mobile browsers. The site's new architecture also makes it easier to find the content that users need.

All of MFA's comment letters, testimony, factsheets, presentations, and other materials that formerly existed on the old site are present on the new site. MFA's website remains one of the best sources of data and analysis for those seeking information about the global hedge fund industry and the managed futures industry.

View MFA's redesigned website 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.