MFA Shares Equity Market Structure Recommendations with Regulators:

MFA published fundamental, focused policy recommendations for enhancing the U.S. equity market structure. The recommendations were shared with the Securities and Exchange Commission (SEC) and other regulators.

"Market structure reform is a serious issue that requires regulators to take a systematic, data-driven, and unbiased approach, considering perspectives from all constituencies," said Richard H. Baker, MFA President and CEO. "As investors, we believe that markets should operate to achieve their basic economic function – raising capital for businesses and providing risk-based returns for investors who provide the capital. Our recommendations will help the SEC build on the success of recent reforms and continue reducing operational risk while improving the overall quality of our markets and strengthening investor confidence."

MFA's equity market structure policy recommendations focus on three specific areas:

1. Improving market resilience and risk management
2. Increasing disclosure and transparency
3. Implementation of careful and controlled pilot programs

View the complete document with MFA's equity market structure reform recommendations.

Read the accompanying cover letter for the recommendations.

Read MFA's press release for the equity market structure reform recommendations.

MFA Responds to CalPERs Announcement with Data on Investment Trends:

The Managed Funds Association responded to the recent announcement by the California Public Employees' Retirement System that it would be redeeming its existing hedge fund allocations. Despite the assertions of frequent industry critics, recent third party data from Preqin demonstrates institutional investor satisfaction with hedge funds is high and investors plan to maintain or increase existing allocations.

"Every investor needs to prioritize its goals and objectives and decide how to best implement their investment strategy," said Richard H. Baker, President and CEO of MFA. "CalPERS' action is not indicative of a broader trend of institutional investors leaving hedge funds. In fact, the latest industry research found institutional investors are overwhelmingly satisfied with hedge fund performance in their portfolios and the industry's ability to meet investor objectives."

A recent survey from Preqin noted that 84% of investors feel that return expectations have been met or exceeded in the past 12 months. Furthermore, Preqin data show that 87% of investors surveyed stated they will maintain or increase their hedge fund allocations in the next 12 months.

Read MFA's full release online.

MFA Submits Letter to Monetary Authority of Singapore in Response to Consultation on Outsourcing:

On October 6, MFA submitted a letter to the Monetary Authority of Singapore (MAS) in response to its consultation papers on outsourcing. In the consultation papers, the MAS proposes to establish new requirements on outsourcing relationships between Singapore entities and certain overseas financial institutions, which would include an audit requirement and a requirement for the Singapore entity to obtain written confirmations from a supervisory authority of an overseas financial institution. In the letter, MFA described common hedge fund structures with operations in Singapore, and MFA recommended that the MAS consider providing an exemption for outsourcing relationships between affiliated entities, which do not present the types of policy concerns the MAS is seeking to address.

Read and download the letter that MFA submitted to the Monetary Authority of Singapore.

MFA Requests SEC for 60-day Tick Size Pilot Program Comment Period:

Late last month, MFA submitted a letter to the SEC requesting it to provide a 60-day comment period on a proposed Tick Test Pilot Program, rather than a 21-day comment period, as previously indicated by the SEC.

MFA's letter explains that the Tick Test Pilot Program, as proposed by the national securities exchanges and FINRA, is very complex and raises a number of policy and practical issues for investors to consider. By incorporating four different trading schemes, the Tick Size Pilot Program requires investors to consult internally and/or with their intermediary firms on the analysis of the development, build-out, oversight, cost and feasibility of three additional order routing and execution platforms. MFA explains that such inquiry and analysis will require a substantial amount of time on the part of market participants; and accordingly, urges the SEC to provide a 60-day comment period with respect to a Tick Size Pilot Program.

Read and download MFA's the letter MFA submitted to the SEC.

MFA Elects 2014/2015 Board of Directors:

The Managed Funds Association (MFA) announced its 2014/2015 Board of Directors.

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

"Our new board enhances MFA's global reach and focus," said Mr. Torell. "Our Directors' perspective is sewn from decades of personal experience, helping MFA engage in unique, real-time dialogue with regulators and policymakers on the myriad of complex issues shaping the industry today."

The Board also elected the following officers to serve with Mr. Torell: David C. Haley, president, managing director, HBK Capital Management, as Vice Chair; Bruce S. Darringer, member and chief operating officer, King Street Capital Management, as Secretary; and, Mikael A. Johnson, senior lead

partner, alternative investments, KPMG LLP, as Treasurer.

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

Read MFA's full Board of Directors press release.

Read coverage of the new MFA Board online from *Institutional Investor's Alpha*.

Read coverage of the new MFA Board online from *Politico Pro*.

MFA Submits Response to ESMA on EMIR Clearing of Credit Default Swaps:

MFA submitted to the European Securities and Markets Authority (ESMA) a response to its "Consultation Paper on the Clearing Obligation under EMIR (no.2)" related to clearing of credit default swaps (CDS). In the response, MFA emphasized the importance of the European Commission recognizing U.S. central counterparties as being subject to equivalent regulation prior to the December 15 deadline related to the European Capital Requirements Directive. MFA also urged ESMA not to subject any class of CDS to the clearing obligation until multiple clearing members are offering client clearing services for that class. In addition, among other things, MFA requested that ESMA: (1) shorten the phase-in periods in respect of the clearing obligation to three months for Category 1 entities (i.e., certain clearing members) and six months for Category 2 entities (i.e., investment funds and other clearing members); (2) eliminate application of the clearing obligation to existing contracts (i.e., frontloading) with respect to all derivative contracts and categories of market participant; and (3) harmonize the classes of CDS that it will subject to the clearing obligation with those classes subject to mandatory clearing under CFTC rules.

Read MFA's response to ESMA on EMIR clearing of credit default swaps.

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