



July 2015

Fed Gov. Brainard, Financial Times U.S. Managing Editor Participate in MFA Event



MFA hosted an event with the Bipartisan Policy Center, a leading D.C. think tank, to discuss the regulatory reforms that have taken place—and those on the horizon—five years after the passage of the Dodd-Frank Act.

MFA President and CEO Richard H. Baker opened the event with remarks on the important role alternative investments play in today’s capital markets. **Federal Reserve Board Governor Lael Brainard** then delivered keynote remarks followed by an armchair discussion with the **Financial Times’ U.S. Managing Editor Gillian Tett**.

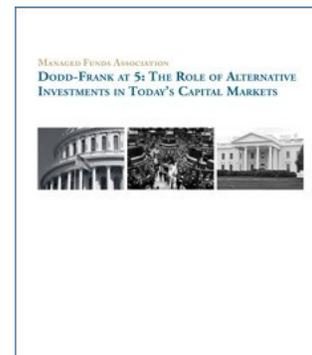
Approximately 140 people attended the event, including staff from the Administration, Congressional offices and various regulatory agencies.

[MFA Hosts Event Examining Regulatory Changes Since Passage of Dodd-Frank Act](#)
[Archived Event Video Footage: Dodd-Frank at Five: Looking Back and Looking Ahead](#)

MFA Releases Position Paper Examining Dodd-Frank Act Regulatory Changes

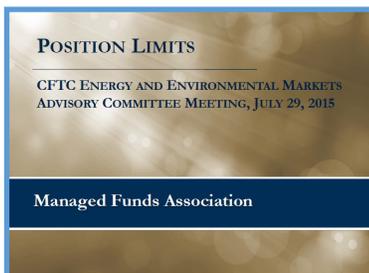
MFA published a new position paper detailing the changes financial markets have undergone since the passage of the Dodd-Frank Act, as well as the expanded role alternative investments now play. The paper, “Dodd-Frank at 5: The Role of Alternative Investments in Today’s Capital Markets,” is the first in-depth look at the role the Dodd-Frank Act has had in reshaping our financial institutions from the standpoint of the alternative investment industry.

The report **largely focuses on the Dodd-Frank Act, but also discusses regulatory regimes implemented in the European Union (EU)** since the financial crisis. These new regulations have changed the way financial markets function, creating a new economy that is more regulated, more transparent and more reliant on alternative investment vehicles.



[MFA’s Position Paper: “Dodd-Frank at 5: The Role of Alternative Investments in Today’s Capital Markets”](#)

MFA Presents at CFTC Roundtable on Position Limits

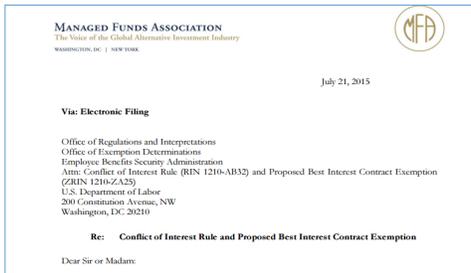


This month, MFA was invited to participate in the **CFTC Energy and Environmental Markets Advisory Committee (“EEMAC”)** meeting to present on our **recommended two-phase position limits rulemaking approach**.

MFA was represented by **Derivatives and Swaps Committee Chair Stephen Berger**, who outlined the benefits of this approach, and made the argument that rulemaking should be empirically driven, not a response to popular sentiment or partial analyses.

[MFA’s Presentation Before the CFTC Energy and Environmental Markets Advisory Committee](#)

MFA Submits Comment Letter to Department of Labor on Proposed Fiduciary Rule

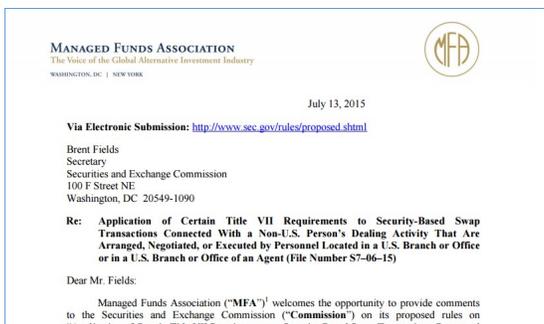


On July 21, MFA submitted a comment letter to the Department of Labor (DOL) in response to the **DOL's proposed rule on the definition of fiduciary under ERISA**.

In the letter, **MFA expressed strong support for the DOL's goal of protecting retirement plan investors** and supported changes from the Department's 2010 proposed rule intended to exclude information reported to collective investment vehicles and the sale of advisory services from the scope of the new proposal.

[MFA's Comment Letter on Proposed Fiduciary Rule](#)

MFA Submits Letter to SEC on Proposed Cross-Border Application of its Rules to Non-U.S. Persons



Earlier this month, MFA submitted a letter to the SEC on proposed rules related to the application of certain **Title VII requirements to security-based swap transactions connected with a non-U.S. person's dealing activity that are arranged, negotiated, or executed by personnel located in a U.S. branch or office or in a U.S. branch or office of an agent**. These proposed rules address the cross-border application of the SEC's security-based swap rules (SBS) to non-U.S. persons.

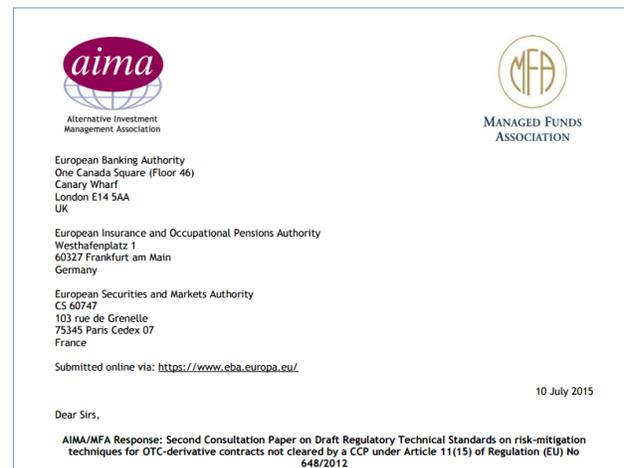
[MFA's Comment Letter on Proposed Cross-Border Rules](#)

MFA Comments on EMIR Risk Mitigation & Clearing of Certain Interest Rate Swaps

On the issue of draft margin requirements for non-centrally cleared derivatives under EMIR, **MFA and AIMA submitted a joint response to the European Supervisory Authorities (ESAs) on draft regulatory technical standards on risk-mitigation techniques for OTC-derivative contracts not cleared by a CCP** under Article 11(15) of Regulation (EU) No 648/2012. In the joint letter, MFA reiterated the need for clarification with respect to issues of equivalence under Article 13 of EMIR and requested confirmation that entities can satisfy their obligations under EMIR by complying with a third country's equivalent rules, even if the entities are "subject to the rules of" the third-country but not "established" (i.e., legally incorporated) in that jurisdiction. Second, the letter reiterated concerns with the practical difficulties of collecting initial margin (within the business day as execution, and recommended amending the draft technical standards to provide that a demand for initial margin be made no later than the end of the business day following execution.

MFA also submitted a standalone response to the European Securities and Markets Authority (ESMA) on its "Consultation Paper on the Clearing Obligation under EMIR (no.4)" related to clearing of certain classes of interest rate derivatives (IRS) under EMIR. In the response, **MFA reiterated our need for confirmation that entities can satisfy their obligations under EMIR by complying with a third country's equivalent rules**, and also emphasized that it is critical that: (1) the European Commission recognize U.S. central counterparties (CCPs) promptly to prevent market disruptions; and (2) ESMA ensure that clients that are subject to the EMIR clearing obligation have robust and viable access to CCPs.

[MFA and AIMA's Joint Response on EMIR Risk Mitigation Techniques](#)



MFA and Other Associations Jointly Submit Letter to European Commission on EU Equivalence Issues

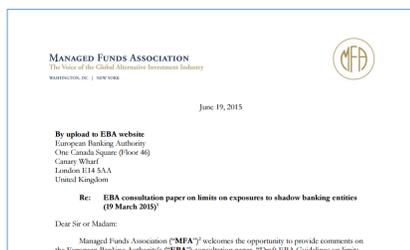
MFA worked with a group of trade associations in submitting a letter to the European Commission (EC) discussing issues related to the EC's equivalence determinations under Article 13 of EMIR and MiFIR.

In the letter, the associations emphasized the need for positive equivalence determinations under EMIR Article 13 and MiFIR Article 33 with respect to rules of third countries to prevent duplicative or conflicting clearing, reporting, margin, and trade execution requirements. The associations also sought clarity on issues that would remain following an EC equivalence determination with regards to derivatives trades of counterparties established in, and/or subject to the rules of, an equivalent jurisdiction.

[MFA's Joint Letter on EU Equivalence Issues](#)



MFA Submits Comment Letter on EBA Consultation Paper on Exposure to Shadow Banking Entities



As regulators begin to focus on so-called “shadow banking” activities, MFA submitted a comment letter to the **European Banking Authority**.

MFA explained that **hedge funds are engaged in capital markets activities, not banking activities; are subject to robust regulation that is consistent with their capital markets activities; and do not present systemic risk.**

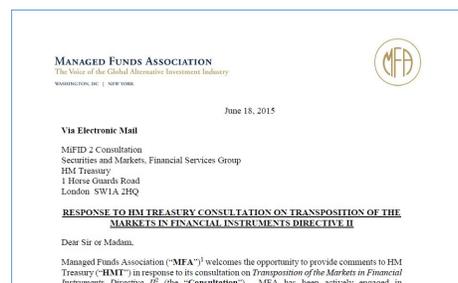
[MFA's Letter on EBA Consultation on Exposure to Shadow Banking Entities](#)

MFA Submits Comments on MiFID II Implementation

MFA submitted comments to the **UK HM Treasury** on the transposition of MiFID II. In general, MFA **supported the HM Treasury's “copy-out”** approach to drafting the UK implementing legislation for MiFID II.

MFA provided comments in **areas where we believe market participants would benefit from additional guidance or detail.** MFA also provided comments on the definition of a consolidated tape provider, and authorization with respect to algorithmic trading.

[MFA's Comment Letter on MiFID II Implementation](#)



MFA Submits Comment Letter on OECD BEPS Project



MFA recently submitted a comment letter to the **OECD** in response to its discussion paper on Action 6: Limitation on Treaty Benefits. In the letter, MFA encouraged the OECD to amend **its definition of collective investment vehicles** that are eligible to receive tax treaty benefits to include investment funds in addition to investment funds that are widely-held, so that investors who are eligible to receive treaty benefits when investing directly are not placed in a worse tax position because they choose to invest via an investment fund.

[MFA's Comment Letter on OECD BEPS Project](#)

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