



MANAGED FUNDS ASSOCIATION

Policy Brief

February 2016

MFA Hosts Tax Hill Day



MFA's Roger Hollingsworth listens to Members discuss tax priorities before heading to Capitol Hill.

partnership audits as a way to pay for an extension of the highway bill. Last November, Congress included changes to the partnership audit rules that addressed some of MFA Members' concerns with the prior partnership audit proposal. While Congress did not include problematic joint and several liability provisions and included a reporting alternative to the partnership level tax, MFA Members and Staff are continuing to work with Congress and the Administration on technical corrections.

This month, as part of MFA's ongoing advocacy efforts on tax issues, MFA Members and Staff organized a tax Hill Day meeting with House and Senate Leadership, Senate Finance Committee Majority and Minority staff, House Ways and Means Committee Majority staff, Joint Committee on Taxation staff, as well as Treasury and Internal Revenue Service officials.

In these meetings, Members and Staff discussed partnership audit provisions as they apply to tiered partnership structures and other technical issues. Members and Staff also discussed how to help ensure these issues are addressed in a manner consistent with the intent of Congress and that is workable for the industry.

MFA's continuing involvement on partnership audit-related issues began last summer when Congress proposed amending the

MFA Submits Letter on SEC Proposed Regulation Automated Trading

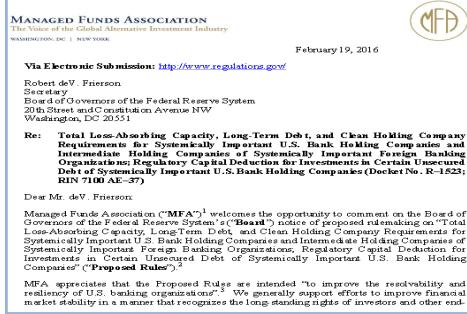
On February 26, MFA submitted a comment letter in response to the SEC's proposed amendment to the regulatory requirements of Regulation ATS under the Securities Exchange Act of 1934.

In the letter, MFA: (1) commended the Commission for this important undertaking in shedding light on dark pools by requiring enhanced public disclosures with respect to the operation of ATSs; (2) expressed satisfaction that the Reg ATS Proposal aligned with MFA's recent recommendations; and (3) encouraged the SEC to extend the current framework to include ATSs that trade fixed income securities, including government securities.

[MFA's Comment Letter to SEC on Regulation ATS](#)



MFA Submits Letter to the Fed on Proposed Clean Holding Company Requirements



On February 19, MFA submitted a comment letter to the Board of Governors of the Federal Reserve System (Board) on its proposed rule on Clean Holding Company Requirements.

In our letter, MFA expressed concerns with the so-called "clean holding company requirements", which would prohibit certain holding companies from guaranteeing obligations of their subsidiaries or affiliates where those guarantees are subject to cross-default rights or would otherwise constitute qualified financial contracts with third parties.

[MFA Comment Letter on Proposed Clean Holding Company Requirements](#)

MFA Issues Statement on CFTC-EC Agreement on Central Clearing Counterparties

Statement

FOR IMMEDIATE RELEASE
FEBRUARY 11, 2016
[WEBSITE](#)



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Managed Funds Association Statement on the CFTC and European Commission's Agreement on Central Clearing Counterparties

WASHINGTON – Managed Funds Association President Richard H. Baker today released the following statement on the joint announcement between the U.S. Commodity Futures Trading Commission and the European Commission on an agreed “common approach” regarding conditions and requirements for central clearing counterparties (CCPs). When fully implemented, the agreement will permit U.S. and EU CCPs to continue providing clearing services to entities in both jurisdictions.

The joint announcement also stated that the European Commission will soon propose the adoption of an equivalence decision under the Europe Market Infrastructure Regulation (EMIR) to determine that trading venues are equivalent to regulated markets in the EU for purposes of the Markets in Financial Instruments Directive I framework.

With this announcement, regulators anticipate taking next steps to implement their agreement so that market participants will be able to use CFTC-registered U.S. and EU central counterparties that operate in Europe to satisfy their upcoming mandatory clearing obligations under EMIR. As a first step, EU Member State authorities are expected to vote soon to approve the adoption by the European Commission of an equivalence decision.

[MFA President and CEO Richard H. Baker’s Statement on the CFTC and EC Agreement on CCPs](#)

MFA Issues Statement on the Importance of Cybersecurity Safeguards

On February, 10 MFA released a statement on President Obama’s 2017 budget proposal and the need for the Administration, Congress and federal financial regulators to work together to protect the integrity of our regulatory system against cyber crime and other threats.

In the statement, MFA President and CEO Richard H. Baker explained that “MFA believes it is imperative for policymakers to continue their focus on ever-growing cyberthreats, and commit to the highest levels of protection of the information housed in our financial regulatory bodies.”

Further, the statement relayed MFA’s belief that regulatory agencies “must ensure that protocols, procedures and infrastructure are in place to guard against cyberthreats and other risks.” And that “failure to do so would pose a risk not only to our nation’s economy, markets and companies, but undermine the integrity and public trust in the existing regulatory model.”



[MFA President and CEO Richard H. Baker’s Statement on Cybersecurity](#)

MFA and AIMA Submit Letter to ESMA on EMIR CCP Liquidation Time Horizons



EUROPEAN SECURITIES AND MARKETS AUTHORITY
103 Rue de Grenelle
Paris
75007
France

1 February 2016

Dear Sirs,
[Joint Response to ESMA Consultation Paper on the Review of Article 26 of RTS No 153/2013 with respect to MfOR for client accounts](#)

The Alternative Investment Management Association (AIMA)¹ and Managed Funds Association (MFA)² (together referred to as the “associations”) and the European Securities and Markets Authority (ESMA)³ (“Consultation Paper on the Review of Article 26 of RTS No 153/2013 with respect to MfOR for client accounts” ([Consultation Paper](#)).⁴) This joint response is a follow up to, and consistent with, our joint Response to the ESMA “Discussion Paper on the Review of Article 26 of RTS No 153/2013 with respect to client accounts” ([Discussion Paper](#)), published in August 2015 ([Joint Response](#)).⁵

We praise ESMA for its prompt and thorough review of the responses it received to the Discussion Paper, and the degree to which ESMA has taken account of industry feedback in developing the Consultation Paper. For example, we strongly support ESMA’s decision not to require market participants to maintain a pre-existing arrangement with a back-up clearing member (CM).⁶

We also laud ESMA’s decision to publish the draft regulatory technical standard (RTS) amending

On February 1, MFA and AIMA submitted a response to the European Securities and Markets Authority (ESMA) on its consultation paper related to Article 26 of the European Market Infrastructure Regulation seeking public comment on its draft regulatory technical standard on the liquidation time horizon that central counterparties (CCPs) use for client accounts.

In our joint response, MFA and AIMA emphasized that the key priority for the European Commission (Commission) at this time should be ensuring the swift and reciprocal recognition of US CCPs and the determination of equivalence with respect to the CFTC’s clearing rules, especially given the impeding commencement of mandatory clearing in the EU.

[MFA and AIMA Response to ESMA on EMIR CCP Liquidation Time Horizons](#)

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Managed Funds Association

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