



Monthly Update for our Members

April 2009

RECAP: March Luncheon

We were pleased to have Tim Selby, Partner at Alston and Bird & current President of the NY Hedge Fund Roundtable present and lead a discussion on the hot legislative topics of the day relating to our industry. Tom covered a wide range of issues including Federal & State developments, self-regulatory initiatives and current terms & trends. We were also honored to have Stanley Goldstein, founder of Goldstein, Golub Kessler & Co., as well as the NY Hedge Fund Roundtable join us for the discussion.

Current federal legislative developments include:

- a. Hedge Fund Transparency Act of 2009 (Senators Levin (D-MI) and Grassley (R-IA))
- b. Hedge Fund Advisor Registration Act of 2009 (Representatives Castle (R-DE) and Capuano (D-MA))
- c. Hedge Fund Study Act (Representative Castle (R-DE))
- d. Pension Security Act of 2009 (Representative Castle (R-DE))
- e. House Financial Services Committee's Capital Markets Subcommittee (Hearings on Systemic Risk regulation)

These initiatives have far reaching implications on hedge fund managers including the potential to require funds AND investment managers to be registered under the respective acts as well as includes provisions for added transparency particularly as it relates to ERISA investments into funds and fund of funds. On the tax side the offshore deferrals are gone and the possibility of taxing carried interest looks more like a reality than a possibility along with NY City's desire to apply the 4% UBTI to it as well. There is also a movement to modify the taxation of income and dividends generated by offshore funds. On the state level Connecticut is seeking to raise the requirements to become an accredited investor and requiring the licensing of Hedge Funds in the state. New Jersey has a proposal to cause hedge funds doing business within the state to register as an RIA. We also discussed fee structures and trends in the industry including liquidity terms. Some pensions are requesting longer lockups while funds are considering shorter lockups and up to monthly liquidity to appeal to investors. There is a growing inclination for institutional investors requiring that funds use a third party administrator instead of self-

administration. Tim stressed the importance of an accurate and updated PPM and cautioned the use of a DDQ and other information given to investors, stressing that the DDQ should be legended to stress that it is not part of the offering documents. The idea of clawback provisions in offering documents was interesting as was the change in terms to deal with the reality of funds being under water potentially for years. Tim & Stanley both talked about the NY Hedge Fund Roundtable which Stanley founded two years ago. (www.newyorkhedgefundroundtable.com). The New York Hedge Fund Roundtable creates a forum for the exchange of information and ideas that will enlighten participants about topical issues. Their initiatives will result in attendees profiting from stimulating and innovative ideas (including best practices) and useful information, contact with colleagues, and development of higher ethical standards.

CALL for Papers!

The HFBOA's Annual Meeting is September 24-25 in NYC and the executive board is still accepting papers. Please visit: <http://www.hfboa.org/annualmeeting.aspx> for instructions.

MARK YOUR CALENDAR!

Educational Events and HFBOA Networking functions:

- April 9th: HFBOA's Hedge Fund & Fund of Funds Executives closed-door luncheon
- April 23-24: Symposium on Measuring Performance & Risk
- April 26-27: Stars & Stripes 2009 and Emerging Manager 2009
- May 14th: HFBOA's Hedge Fund & Fund of Funds Executives closed-door luncheon
- May 18-19: Hedge Fund Tax, Accounting and Administration Master Class

And don't forget the HFBOA's exclusive pricing option – 15% off all educational and networking events offered by Financial Research Associates. To claim your discount, reference priority code FA01327 when registering for any FRA event.

ASSOCIATION UPDATES:

If you haven't already, connect with us on LinkedIn! Use this open platform to network with other HFBOA members around the globe. We encourage all members to:

- Post interesting articles
- Discuss recent events
- Share best practices and ask for suggestions from other fund managers and ops execs

We look forward to connecting with you online!