

**Overview:**

- New Signatories
- HFSB Upcoming Events
- New Amendments to the Standards come into effect
- HFSB on the US West Coast

**New Signatories**

The HFSB is delighted to welcome two latest additions to its Signatory family:

- **Carlson Capital, L.P.**  
(USA)
- **MKP Capital Management, L.L.C.**  
(USA)

**HFSB Upcoming Events**

**3 May:** Institutional Investor Roundtable, Melbourne

**4 May:** Institutional Investor Roundtable, Sydney

**19 May:** Annual North American Stakeholder Forum, New York

**22 June:** Institutional Investor Roundtable, Hong Kong

**New Amendments to the Hedge Fund Standards come into effect**

As reported in our November 2015 newsletter, the Hedge Fund Standards Board published a series of amendments to its [Standards](#) on managing conflicts of interest (26 Mar 2015). [The new amendments](#), which were published in November 2015 following a public consultation, will strengthen internal compliance procedures. They also will improve disclosure of conflicts of interest, specifically in the areas of parallel funds, including employee funds and the aggregate size of employee and partner co-investment in those funds.

This is just to remind signatories that these new Amendments come into effect on 2 May 2016.

**HFSB on the US West Coast**

This month the HFSB held its first Institutional Investor Roundtable in Los Angeles. This event brought together leading endowments, foundations and hedge fund managers. The speakers included Steve Algert, Managing Director of The J. Paul Getty Trust, and Bruce H. Cundick, Chief Investment Officer, Utah Retirement Systems and Trustee of the HFSB.

The discussion focussed on (1) conflicts of interest that arise in the principal-agent relationships along the investment chain (e.g., beneficiary - pension/endowment fund - investment manager) and (2) the factors that ensure a better alignment of interest, including co-investment by the manager, the ongoing monitoring of alignment by investors and the role of independent directors.

Pasy Wang, Senior Director at Caltech's Investment Office, who participated in the discussion said: "It is in our best interest to help drive better practices in the industry, and we will start encouraging managers to sign up to the Standards."

Anoop Dhakad, Partner at MKP Capital Management, L.L.C. who also participated in the discussion, highlighted: "MKP believes that committing to the Hedge Fund Standards is a win-win for investors and managers. As a firm,

we look forward to actively engaging in the HFSB process and contributing to the discussion of how the industry can work together to improve best practices.”

Separately, the HFSB held a private Trustee Education Seminar within the framework of the Alternative Investor Institute Public Funds conference in Los Angeles. During the Seminar, participants discussed the findings of the HFSB’s recent consultation on conflicts of interest and how public funds actively can support the adoption of the Hedge Fund Standards.

In addition, some investors pointed out that the complexity of offering documents/prospectuses remains a challenge in the due diligence process, raising the question of whether there is room for standardisation. The panel also explored how retirement systems should address conflicts of interest within their organisations. Ron Lind, Public Member, Board of Trustees, CalPERS, shared some of the mechanisms CalPERS has put in place (public reporting, governance) and led a lively discussion on the legislation in California designed to better address conflicts of interest in public funds.

More information on the Hedge Fund Standards and the consultation on conflicts of interest is [available here](#).

## APPENDIX

<b>Carlson Capital, L.P.</b>	Carlson Capital, L.P. is an alternative asset management firm. Founded in 1993 by Clint D., Carlson, the firm currently manages over eight billion dollars across multiple hedge fund products, with a focus on non-directional, relative value investment strategies. Based in Dallas, Carlson is an independently-owned registered investment advisor with additional offices located in New York, Greenwich, CT, Palm Beach, FL, Houston, TX, and London. The firm rests on three pillars: philosophy, people, and process.
<b>MKP Capital Management, L.L.C.</b>	MKP Capital Management, L.L.C. ("MKP®" or "Firm") is a diversified alternative investment manager with approximately \$7 billion in assets under management and over 100 employees in New York and London. The Firm has operated with a long-term approach to investing since its founding in 1995. MKP invests across global markets, including rates, currencies, credit, equities and commodities through its discretionary global macro and credit strategies. MKP advises a variety of commingled and customized vehicles. Each investment strategy shares the objective of producing high risk-adjusted returns over the long term in a risk-controlled manner. MKP believes that business integrity and transparency are an essential and uncompromising part of its business model.

HFSB Somerset House, New Wing, Strand, London WC2R 1LA, Email: [info@hfsb.org](mailto:info@hfsb.org); +44 (0) 20 3701 7560  
[If you would like us to remove you from our mailing list or add your colleagues, please let us know](#)