

Comments by Securities Regulators and Official Bodies on the SBAI



Individuals with securities regulators around the globe are supportive of the HFSB's activities. The list below includes comments made in recent years¹.

- **Gerard Fitzpatrick, Senior Leader, Investment Managers and Superannuation, Australian Securities and Investment Commission (ASIC), May 2017:**

"I commend the HFSB for identifying the importance of adequate risk disclosure and its ongoing transparency initiatives, including the launch of the standardised Administrator Transparency Report last year and the Open Protocol risk reporting standard later this month. These initiatives are not just relevant to hedge fund managers, but to all alternative investment funds and beyond."

- **Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong, April 2017:**

"When the industry evolves its own robust conduct standards, particularly through an organisation like the HFSB, where funds and investors come together, laws and regulations we enforce are less likely to be breached. There is no reason why the Standards should only apply to hedge fund managers, and we would like to encourage the HFSB to explore widening its remit."

- **Tan Yeow Seng, Director & Head of the Technology Risk and Payments Department of the Monetary Authority of Singapore, April 2017:**

"I commend the HFSB's efforts to improve cyber security practices in the asset management industry. The cyber-attack scenarios explored during the event were useful in raising awareness of the participants about different safeguards and actions to consider when responding to a cyber-attack incident."

- **Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong and the new Chairman of IOSCO, June 2016:**

¹ Regulatory endorsements were made prior to 09/2017 and thus referred the SBAI as the HFSB

*“I would like to recognise the fact that in its short existence, **the HFSB has, in my view, broken new ground in the way in which industry associations can operate as standard setters.***

*The HFSB is one of the first of a new brand of industry associations, which **bridges the gap between the old self-regulatory organisation model and conduct regulation** by the likes of the SFC. It is **significant that the HFSB was the model for the FICC Markets Standards Board** set up in the UK last year as a result of the Fair and Effective Markets Review recommendations.*

*And when the industry evolves its own robust conduct standards, **particularly through an organisation like the HFSB where funds and investors come together, the chances are that the laws and rules we enforce are less likely to be breached.** This is of obvious value to members as well as the regulators.*

*At the same time, we are not normally in a position to formally endorse industry standards as part of our formal framework of regulation. For one thing, we cannot do so when rules have not gone through the usual legislative or consultative process. **But more importantly, we should not fetter or formalise the HFSB’s own freedom to develop its standards without too much interference from us.”***

- **Gerard Fitzpatrick, Senior Leader of Australian Securities and Investment Commission (ASIC), May 2016:**

“I commend the HFSB for identifying the importance of the cyber-attack risk and am glad to see the initiative of running the cyber-attack simulation exercises in London and New York. I also commend the publication of the HFSB Cyber Security Toolbox Memo, which identifies key risks with their possible impacts, as well as strategies to mitigate these threats.”

- **Drew Weilbacher, US SEC’s Office of Compliance Inspections and Examinations, September 2015:**

“I welcome investors and managers collaborating to improve industry standards and the HFSB has created an important framework to allow such collaboration to occur.”

- **Michel Noel, Head of Investment Funds, Finance & Markets Global Practice, World Bank, September 2015:**

“As part of its support to the development of financial markets in emerging markets and developing countries (EMDEs), the World Bank places a great emphasis on the development of broad and well-regulated capital markets... It welcomes the work done by the HFSB and looks forward to collaborating with the HFSB to contribute to the development of transparent capital markets across EMDEs.”

- **Andrew Bailey, Deputy Governor, Bank of England and CEO, Prudential Regulatory Authority, May 2015:**

“The trend towards greater market-based finance should be welcomed, but it is important that accompanying risks to financial stability are well understood and managed. The HFSB provides a powerful platform for the market participants, specifically institutional investors and managers, to contribute to this effort to strengthen the resilience of capital markets.”

- **James Shipton, Exec Director, Member of the Securities and Futures Commission of Hong Kong, March 2015:**

“Improvements in culture cannot be achieved through rules alone, and that the industry needs to take a proactive approach in addressing emerging issues. This is why what the HFSB does is so important.”

- **Tang JinXi, Vice Chairman, Asset Management Association of China (AMAC), the self-regulatory organisation for the mutual fund industry, April 2015:**

“The Hedge Fund Standards can help the Chinese hedge fund industry improve risk management, investor disclosure and governance.”

- **Drew Bowden, US SEC’s Office of Compliance Inspections and Examinations, September 2014:**

“Investors play a critical role in improving the industry and the HFSB created a helpful platform for collaboration between managers and investors.”

- **Arminio Fraga, former Governor of the Central Bank of Brazil, September 2014:**

“The work of the HFSB is incredibly important at a time when we see the limitations of conventional regulation.”

- **David Wright, Secretary General of IOSCO, July 2014:**

“We are pleased to welcome the Hedge Fund Standards Board as an affiliate member of IOSCO. There is an important role for industry standards to play alongside statutory regulation in promoting transparency and good governance in the financial markets. The HFSB can play a valuable role working with regulators and supervisors.”

- **Mathieu Simard, Director, Investment Funds Dept of Quebec’s Autorité des marchés financiers, June 2014:**

“The application of industry standards that are aligned with the securities regulatory framework and IOSCO principles are encouraged”.

- **Esther Wandel, Head of Investment Funds Policy, UK FCA, May 2014:**

“The FCA encourages the asset management industry to challenge itself constantly. We need a change of culture, not just a change of rules or systems. Initiatives like the Hedge Fund Standards Board can be an important driver for that.”

- **Marc Wyatt, US SEC’s Office of Compliance Inspections and Examinations, November 2013:**

“Investors play an important role in driving better standards in the industry and the HFSB created a helpful mechanism for collaboration between managers and investors.”

- **Hector Sants, Former CEO, FSA, October 2008:**

“FSA sees the HFSB Standards as a very constructive addition to the wider regulatory architecture. It should be noted that the FSA will take compliance with these standards into account when making supervisory judgements...”