

Hedge Fund Standards Board



Annual Report 2011

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Foreword

As I approach the end of my first year as chairman, I am conscious of how much the Hedge Fund Standards Board has achieved in a relatively short space of time, but above all I am struck by the opportunity that lies ahead of us to build our franchise internationally.

The HFSB has established for itself an important role in the regulatory architecture for hedge funds, thanks to the foresight and hard work of my predecessors and the small group of hedge fund managers who inspired this project. We are a neutral standard-setter that helps to promote good practice in critical areas such as disclosure and risk management – areas where it is often hard to define effective statutory rules.

As investors have come to play an increasingly important role alongside the managers within the HFSB, we have been able to create a unique ecosystem – bringing together the users and the providers of services. While the Standards obviously are important to managers as a badge of good practice, ultimately they exist to benefit investors and their beneficiaries. By bringing the two sides of the industry together, we are able to deal quickly, effectively and knowledgeably with those issues that are important to investors. And since conformity with the Standards is done on a “comply or explain” basis, the Standards can cover a wide variety of issues and types of hedge funds.

Our approach is not about self-regulation. Good statutory regulation is essential in our industry in areas such as authorisation. Our approach is about promoting good practice through Standards that complement the statutory framework in which the industry operates. It is an approach that has been supported by the financial services regulator in the UK. Indeed, based on our experience, we believe there may be an important role for Standards to play in other parts of the asset management or broader financial industry as well.

The opportunity ahead of us now is to build on what we have achieved in the UK and Continental Europe - the majority of the leading hedge fund managers in the UK and Continental Europe are signatories to the Standards. Now we believe our Standards have much to offer in the US – the largest hedge fund market in the world – and in Asia. Over the past year we have made good initial progress. We completed a revision of the Standards to adapt and internationalise them for the US and Asian

markets. Following a process of consultation and feedback, the revised Standards, which also incorporated some improvements in the light of the financial crisis, were published in February 2012.

In addition Thomas Deinet, our Executive Director, and I have travelled extensively in Asia and North America, talking to interested parties in the industry – hedge fund managers, investors and regulators. The reaction has been very encouraging. I also am particularly pleased by the positive reception from regulators in Hong Kong, Singapore, China and Canada. Over the past year we have signed up a number of new managers - of our 65 signatories, four are now based in Asia and 16 in North America.

This is a good start, but ultimately the success of our project rests on the international investors who put their beneficiaries' savings into hedge funds. On that score, progress so far is encouraging. We now have 60 investors in our Investor Chapter. This includes some of the leading hedge fund investors in the world, including sovereign wealth funds and pension funds, and a plurality of our investor supporters are based in North America. The support of our investors is crucial if we are to take advantage of the window of opportunity we have over the coming year or two to build on the momentum we have created internationally. If investors signal clearly to their managers that they would like them to become signatories to the Standards, we can be confident of good progress. To that end, I am particularly grateful to our Investor Trustees for the way they all have indicated to their hedge fund managers around the globe that they would like to see them sign up to the Standards. This pressure already is bearing fruit.

One of the important functions of the HFSB is helping to educate and inform about the role of hedge funds and to contribute to the international debate about regulation. We have been busy over the past year engaging with multilateral, regional and national bodies and participating in the global debate on responsible investment. It is gratifying that our Standards have helped to shape the EU's Alternative Investment Fund Managers Directive and also have been adopted in varying degrees by bodies such as IOSCO and in the United Nations-backed Principles for Responsible Investment. We will continue to engage actively in the coming year and contribute to the global debate on hedge fund disclosure and regulation.

Looking ahead, there are a number of significant issues looming for hedge funds that are of concern, and I expect these issues to be the source of considerable debate in the coming year; I would highlight three. The first is the issue of shadow banking, where the European Union and regulatory bodies around the world are contemplating what regulatory steps they should take. Hedge funds are frequently and loosely categorised as part of the shadow banking sector, even though the concern of regulators is primarily with institutions that create credit and engage in maturity transformation – activities that most hedge funds do not do. The second and related issue is systemic risk and the question of what constitutes a “systemically important financial institution”. And the third is the AIFM Directive and the final shape that Directive takes when it is enacted in Europe. These are some of the issues we will need to address in the coming year, and I remain optimistic that the HFSB will be able to build further on its existing strengths.



For me it is a privilege to be chairing an organisation like the HFSB which has the potential to play an important role globally in shaping standards of good practice in this significant industry – an industry which has a key role to play in the international capital markets and in the way companies are financed.

Dame Amelia Fawcett

June 2012

HFSB Mission

As guardian of the Hedge Fund Standards drawn-up and published in 2008 in response to G8 policy leaders' concerns over financial stability, the HFSB's mission is to promote the Standards through engagement in the following areas:

- **Collaboration with managers and investors:** the HFSB brings together managers and investors as a joint force in the HFSB process to determine how the hedge fund industry should operate, as they are the best economic agents to embrace and endorse the improvements the HFSB seeks to achieve.
- **Supervisory engagement:** the HFSB actively engages with the supervisory community so that regulation reflects how the industry works and the Standards reflect the public policy requirements.
- **International dimension:** the hedge fund industry and its clients operate globally, therefore, the Standards have undergone a few amendments to be more internationally applicable. Many of the HFSB stakeholders are international with major investors representing North America and Asia.
- **Improving the Standards:** the Standards are regularly reviewed to ensure that they demonstrate a good industry standard, remain relevant and are in tune with legitimate public policy requirements just as they are with evolving industry practice.

The Hedge Fund Standards

The Standards set levels of quality in behaviour and working practice that complement the public policy framework, particularly in the areas of complex, diverse or more innovative practice. They are principle based, consistent with existing regulation in multiple jurisdictions and intended to benefit hedge fund managers from all jurisdictions.

The Standards are deliberately set at a challenging level so as to encourage high quality behaviour in the interest of securing support and respect from all stakeholders, including investors, regulators and counterparties. They can be a more efficient way of achieving regulatory objectives than detailed and rigid rules.

The Standards are based on a “comply or explain” regime catering for the entire breadth and diversity of the industry and allowing managers to “explain” where a specific standard is inconsistent with local law and regulation.

The signatory process requires that managers make a public commitment to investors. While conformity with the Standards is based on self-certification, failure to conform is a form of misrepresentation. In fact, the FSA stated that they “will take compliance with these [HFSB] standards into account when making supervisory judgements”. In this sense, the Standards are binding and conformity with them can be verified by investors at any point.

Why are the Standards important?

The Standards provide a powerful mechanism for creating a framework of transparency, integrity and good governance that maintain a high reputation for the industry, facilitate investor due diligence and minimise the need for restrictive regulation. The HFSB welcomes appropriate regulation of the industry, but, given the diversity of investment strategies, the speed of innovation, the complexity of many platforms and the global scope of the industry, traditional rules and regulations are not expected to meet all the needs of investors and managers.

The Standards are always likely to be more demanding, comprehensive and appropriate than the regime in any one country, because the Standards are defined by those with a strong vested interest in the success of the industry. Over time, the Standards are expected to become the generally accepted norm with all market participants adhering to them.

Overview of the HFSB Activities

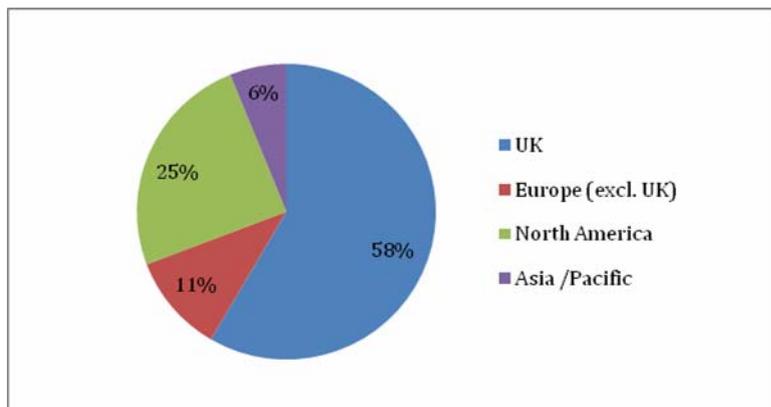
Since its inception in 2008, the HFSB has focussed its endeavours on three major areas:

- Raising awareness among hedge fund managers to encourage them to sign up to the Standards (signatory process)
- Raising awareness among investors so that they encourage conformity (investor campaign) with the Standards
- Engaging with regulators and supervisors to help promote high standards in the industry and advise on regulatory initiatives (regulatory engagement)

Signatory Process

Since its inception, managers with over US\$260bn in AUM have committed to the Hedge Fund Standards. By comparison, the assets of the global hedge fund industry are estimated at US\$1,800bn, and the UK hedge fund industry assets amount to approximately US\$395bn¹. The majority of the HFSB signatories are Europe-based, with an increasing percentage of Asian and North American firms committing to the Standards. It should be noted that while we have welcomed a few new signatories in the last 12 months, we also have lost a few due to closure of their firms, mergers and takeovers.

HFSB Signatories: 65 managers with over \$260bn in AUM



Attracting new signatories remains one of the HFSB's key priorities for the next 12 months.

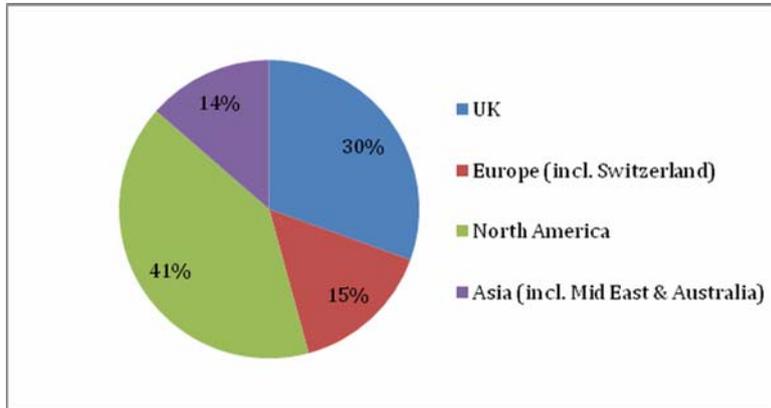
Investor Campaign

Fully appreciating and understanding the role investors can play in the HFSB's success, the HFSB successfully launched its Investor Chapter (IC) in November 2010 with 30 top investors, including pension and endowment funds, sovereign wealth funds and funds of funds joining the initiative. Since then more international investors joined the IC bringing the total to 60. In 2011 the IC held a series of meetings/conference calls with its members followed by special consultation sessions on the latest amendments to the Standards (September – December 2011).

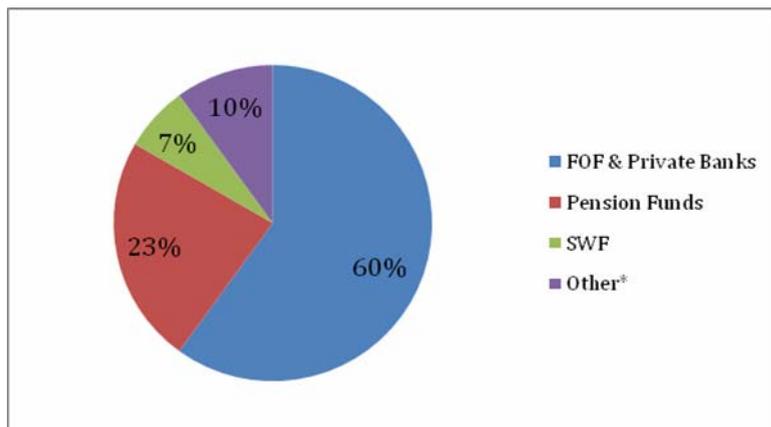
¹ As at end of 2011

HFSB Investor Chapter: 60 members with over \$270bn invested in hedge funds

Investor Chapter Members by region



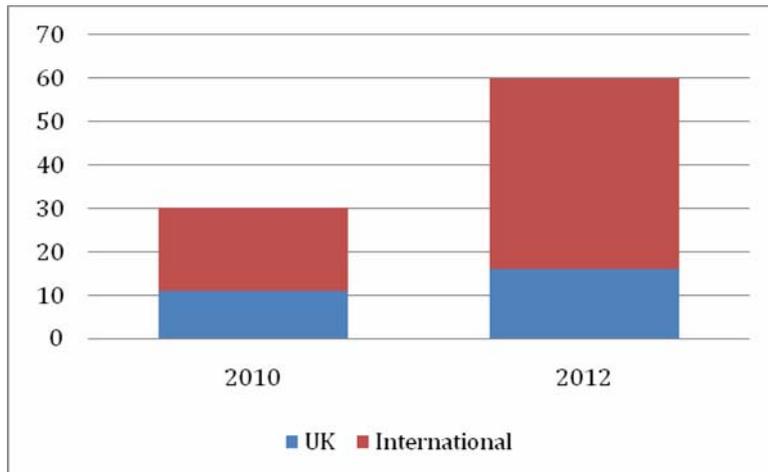
Investor Chapter Members by type



**Endowment Funds, Family offices and other banks*

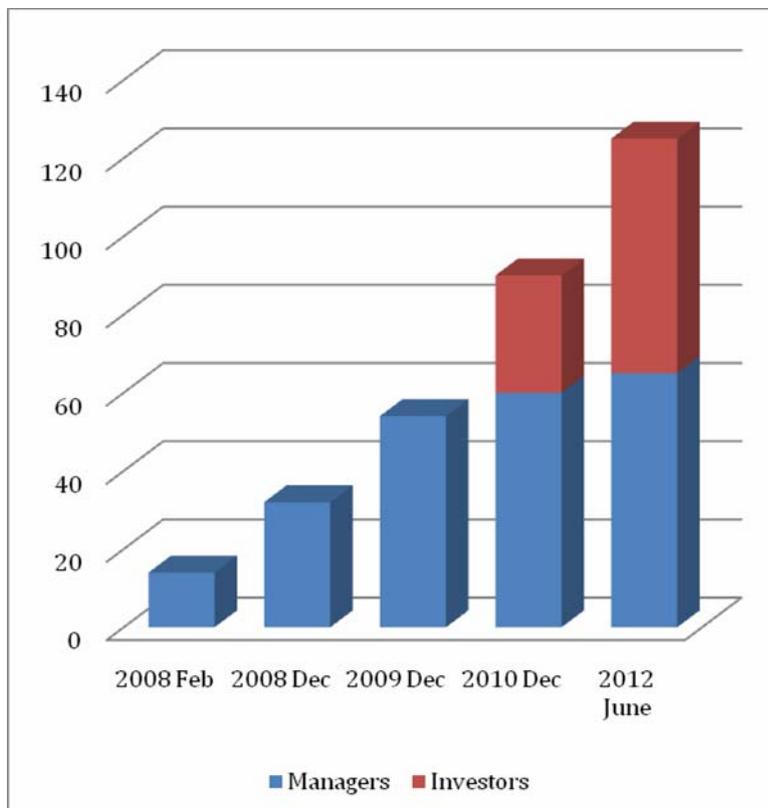
The international base of the Investor Chapter has significantly grown in the last twelve months.

Evolution of the Investor Chapter



The HFSB remains committed to continuing its endeavours to engage investors in driving the conformity process in 2012.

HFSB Stakeholder Evolution



Core Supporters

In autumn 2010 the HFSB created a special group of stakeholders – Core Supporters- that committed to make a significant contribution to support the HFSB endeavours. Initially this group included three members but today there are 13 members, including Aberdeen Asset Management, Albourne Partners, Aon Hewitt, Arrowgrass, The Blackstone Group, Corbin Capital Partners, New Holland Capital, PAAMCO, RCM (Allianz Global Investors), Spinnaker Capital, Towers Watson and Unigestion.

Core Supporters:

- Are associated with thought leadership of the HFSB
- Received public recognition as a good capital market citizen
- Their logos are displayed on the HFSB website
- They are issued an HFSB Core Supporter logo which can be used for their general marketing material and website
- Can interact with the HFSB Trustees and Founders through Board dinners

Regulatory Engagement

Pursuant to its mission, the HFSB also actively engages with the supervisory community. Over the last 12 months, the HFSB has participated in numerous official consultations, including short selling to ensure that such regulation would not unduly restrict this activity. The HFSB has developed substantial expertise and experience in this area. The consultations included:

- FSA DP12/1 Implementation of the Alternative Investment Fund Managers Directive (03/2012)
- Australian Securities and Investment Commission (ASIC) Consultation Paper 174 Hedge Funds: Improving Disclosure (2/2012)
- ESMA Consultation on regulating short selling (02/2012)
- ESMA Consultation: draft technical advice to the European Commission on possible implementing measures of the Alternative Investment Fund Managers Directive (07/2011)
- CFA Institute's Consultation: GIPS: Guidance Statement on Alternative Investment Strategies and Structures (06/2011)

- IOSCO Consultation Report CR01/11 on Principles of Redemptions in Collective Investment Schemes (05/11)

In addition to the above consultation papers, the HFSB actively engaged with regulators in Europe, Asia and North America through a series of meetings with senior officials from the UK's FSA, European Securities and Market Authority, European Commission, Hong Kong's Securities and Futures Commission, Hong Kong Monetary Authority, Monetary Authority of Singapore, France's Autorité des Marchés Financiers, Germany's BaFin, Deutsche Bundesbank and Switzerland's FINMA.

In 2012 The HFSB is scheduled to meet senior officials from the Bank of Canada, Ministry for Finance of the Government of Québec, Canada's Autorité des marchés financiers, Ontario Securities Commission, and US Securities and Exchange Commission.

Public Speaking and Media

The HFSB has also actively participated in the past 12 months in over 20 international conferences in the UK and overseas as speakers and panellists, including Hedge Fund World Zurich, HFM Week Operational Leaders Summit, Albourne's Je t'hedge, GAIM Ops International.

The HFSB also gave interviews and background briefings as well as contributed articles to Financial Times (FT), Hedgeweek, Frankfurter Allgemeine Zeitung (FAZ), Hedge Fund Journal, HFM Week, The Globe and Mail (Canada), WSJ, The Economist and Daily Telegraph.

Strengthening the Standards

In line with its mandate, the Hedge Fund Standards Board is also responsible for updating the Standards to reflect current and ongoing changes in the environment, while responding to the needs of managers and meeting investor expectations as well as public policy requirements.

On 4th August 2011 the HFSB launched its latest consultation with a view to internationalising and strengthening the Hedge Fund Standards, particularly the areas of disclosure and governance. Within the framework of the consultation, the HFSB team ran a series of conference calls, individual and joint sessions with its signatories and Investor Chapter members to discuss the

proposed amendments that could benefit all the participants of the market. The proposed amendments covered the following areas:

1. Governance: mechanism to accommodate firms with “non-independent” boards, and handling of changes to investment policy/commercial terms
2. Disclosure:
 - a. Additional risk disclosures
 - b. Material developments in the strategy or manager’s business
 - c. Litigation against the manager
 - d. Valuation disclosure (% level 2/3 assets)
3. Operational risk
4. Controls to prevent misappropriation of client monies
5. Account dealing policy

The consultation was completed on 31 October 2011 and the new amendments were published in February 2012. They will become effective on 1 September 2012 to give the HFSB signatories sufficient time to implement them.

Strategy 2012

For 2012, the HFSB will continue its four-pronged approach, focussing on internationalising the Standards, attracting new signatories, particularly in North America and Asia, gaining more investor support and maintaining regulatory engagement.

Increasing the number of signatories remains the key objective for 2012. The overall upturn in the industry as well as increasing clarity on the future regulatory architecture should help convince those managers who were hesitant to commit to the Standards in 2010-2011.

As part of the investor strategy, the HFSB intends to continue working closely with the Investor Chapter members to continue the dialogue between investors and managers.

Within the regulatory engagement activities, the HFSB will continue contributing proactively to the regulatory process, including the AIFM Directive and market wide issues such as short selling regulations and financial stability.

Appendix 1: HFSB Board of Trustees

Dame Amelia Fawcett, DBE

Dame Amelia Fawcett was appointed Chairman of the Hedge Fund Standards Board on 1 July 2011. She also is Chairman of the Guardian Media Group plc in London, a Non-Executive Director of State Street Corporation in Boston, Massachusetts, where she chairs the Risk and Capital Committee and a Non-Executive Director of Investment AB Kinnevik in Stockholm.

In 2007-2010, Amelia was Chairman of Pensions First, a financial services/systems solutions business, which she helped set up. In 1987–2007 she worked for Morgan Stanley, first as an executive and then in a non-executive role. She started her career at the US law firm of Sullivan and Cromwell, first in New York then in Paris. She joined Morgan Stanley in London in 1987, was appointed VP in 1990, an Exec Director in 1992 and MD and the Chief Administrative Officer for the Firm's European operations in 1996. In 2002 she was appointed Vice Chairman. As Vice Chairman and COO, she was a member of the European Management Committee and the Boards of Directors of the Firm's major European operating companies. She stepped down from her executive role in October 2006 and was a Sr. Advisor to the Firm until April 2007.

Amelia is a Governor of London Business School, a Commissioner of the UK-US Fulbright Commission, and a Trustee of Project HOPE UK. Until recently, she was Deputy Chairman of the National Portrait Gallery (and Chairman of the Gallery's Development Board) and a member of the Court of the Bank of England (and Chairman of the Bank's Audit Committee). Amelia was appointed a Dame Commander of the British Empire in the 2010 Queen's Birthday Honours List for services to the financial services industry. In 2002 she was awarded the CBE also for services to the financial industry. She received the Prince of Wales' Ambassador Award in 2004 and an honorary degree from the American University in London (Richmond) in 2006.

Amelia, a UK and US citizen, was born in Boston, Massachusetts, USA in 1956. She has a degree in History from Wellesley (1978) and a law degree from the University of Virginia (1983). She was admitted to the New York Bar in 1984.

Tom Dunn

Managing Principal
New Holland Capital

Tom launched New Holland Capital, the hedge fund advisory company, in 2006. It focuses exclusively on the absolute return funds of ABP, the \$280bn Dutch civil servants pension fund. Before that Tom had worked at ABP since 2002, managing the Hedge Fund Group within ABP Investments US and helping ABP evolve from an emphasis on fund of funds to a wide variety of hedge fund-like alternative investments. Tom co-managed (1995-2000) the fixed income business at Lazard Asset Management. Prior to that Tom was a Sr. Portfolio Manager at Goldman Sachs Asset Management where he directed the quantitative fixed income portfolios. In his 9 years at Goldman Sachs, he also pursued a broad range of investment projects involving global asset allocation, currency trading, commodity futures and synthetic equity products. Tom also spent 3 years in corporate finance at First Boston. He holds two degrees from University of Chicago: an MBA in Finance (1986) and a BA in English Literature (1981).

Christopher Fawcett
Senior Partner

Fauchier Partners

Christopher co-founded Fauchier Partners in 1994. Previously, he worked at Euris SA, a French investment holding company with substantial investments in private equity and hedge funds. He gained experience in the securities industry with Morgan Grenfell, Industrial Technology Securities, a venture capital company of which he was co-founder, and at the Duménil Group. He is an appointed member of the Council of the Alternative Investment Management Association (AIMA), a Director of the CFA Society of the UK and a Director of Mirabaud Gestion SA. Christopher has an MA in Law from Oxford University, an MBA with distinction from INSEAD, and is a qualified Chartered Accountant.

Kathryn Graham

Director
BTPSM

Kathryn joined BT Pension Scheme Management Limited (BTPS) in 2004 to help establish a new team mandated to invest up to 5% of the BT Pension Scheme directly into single manager hedge funds. In 2007, she took responsibility for Manager Selection across the BT scheme before moving in 2008 to set up a new team tasked with managing liability risk. She has 15 years of experience in capital markets and hedge funds both as an end buyer and structurer and has a special interest in improving the treatment of investors in hedge fund vehicles. Kathryn began her career at SG Warburg in 1994 and also worked at UBS and Progressive Alternative Investments before joining BTPS. She was educated at Edinburgh University, where she was awarded an MA in Economics and Mathematics. She is a Director of a number of BTPS offshore vehicles, an occasional board member of the UNPRI.

Michael Hintze

CEO, CQS

Michael is CQS's Founder (1999), Chief Executive and Senior Investment Officer. He is also Chairman of the CQS Exec Committee. CQS is a global diversified asset management group focusing on convertibles, credit and asset backed securities and manages a family of hedge funds, loan portfolios and long only products. Prior to that, Michael was MD in the Leveraged Funds Group at CSFB where he developed the strategy and management team for the CSFB Convertible & Quantitative Strategies Fund. Before this Michael was MD and European Head of Convertibles at CSFB from 1996, responsible for flow and proprietary trading, sales and research. Michael also worked at Goldman Sachs for 12 years in a variety of roles including; Executive Director and Head of UK Trading and Head of European Emerging Markets Trading. Prior to that Michael worked for Salomon Brothers, in New York, as a Fixed Income Trader trading Yankee Bonds after having completed the firm's Graduate Training Program in 1982. Michael speaks fluent Russian. He holds a BSc in Physics and Pure Mathematics and a BEng in Electrical Engineering from the University of Sydney. He also holds an MSc in Acoustics from the University of New South Wales and an MBA from Harvard Business School.

Anthony Lim

MD, GIC

Anthony was appointed President (Americas) of GIC, the company that manages Singapore's foreign reserves, in 2009, and is based in the GIC New York Office. From 1998 to 2009, Anthony worked in the GIC's London office and was President (London Office). He is also the adviser to the External Managers Department. Prior to that Anthony was a Senior MD at Bankers Trust Company (1987-1998). He held various management and trading positions in the Global Markets division. Anthony worked in Singapore and London during his time at Bankers Trust. He joined Bankers Trust from the Monetary Authority of Singapore, where he had worked from 1983, and included a stint from 1984 to 1986 in the MAS New York office. His last position at the MAS was as Head of the Foreign Exchange, Gold, and Liquidity Division. Anthony is a graduate of the National University of Singapore.

Paul Marshall

Chairman and CIO
Marshall Wace LLP

Marshall Wace LLP, is one of Europe's leading hedge fund groups and manages a number of award-winning funds including the Eureka Fund. Paul is a founding member of the Hedge Fund Standards Board. In January 2009, he appeared before the UK Treasury Select Committee Review on the role of hedge funds in the financial crisis. He is a member of HM Treasury Asset Management Working Group.

David Neal

CIO, Future Fund

The Future Fund Board of Guardians and the Future Fund Management Agency are responsible for investing the assets of the Future Fund, the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. David joined the Future Fund from Watson Wyatt Australia where he was Head of Investment Consulting. At 30 June 2009 the Future Fund Board had AUS-\$81.9bn in assets. David started his career with Watson Wyatt in the UK and led the establishment of the firm's investment consulting business in Australia. He is a graduate of Oxford University.

Russell Read

CIO and Deputy CEO
Gulf Investment
Corporation

Russell serves as CIO and Deputy CEO at the Kuwait City-based GIC, which focuses on natural resources-based, Shariah-compliant, and regional (GCC and MENA) opportunities in the public and private markets. Prior to GIC, Russell founded C Change Investments, focusing on private markets investments capable of transforming the production, distribution, and consumption of the world's natural resources. He served as CIO for CalPERS, at which time he was also Chairman of the Investors' Committee for the PWG on Financial Markets. Prior to that served as Deputy CIO for Scudder Investments and Deutsche (Bank) Asset Management (Americas) and Head of Quantitative Investing, Product Design, Risk Management, and Commodities Investing at Oppenheimer Funds. Russell is a founding member of the P8 Group of the world's eighth largest pension systems. He holds a B.A. in Statistics and M.B.A. in Finance/International Business from the University of Chicago and an M.A. in Economics and Ph.D. in Political Economy from Stanford University. He is also a CFA and a Governor of the New York Academy of Sciences (NYAS).

George Robinson

Partner, CFO and
Head of Research
Sloane Robinson

George co-founded Sloane Robinson in December 1993. He is also Head of Research, CFO, and Manager of the SR Phoenicia Fund. Between 1979 and 1985 George worked for John Swire & Sons in Hong Kong, UK, Philippines and Korea. In 1985 he joined WI Carr and established their investment offices in both Seoul and Bangkok, before moving to Hong Kong as regional director of research. George graduated from Oxford University with a degree in Engineering Science.

Emmanuel Roman

Co-CEO, GLG Partners
COO, Man Group

Emmanuel Roman received an M.B.A. in Finance and Econometrics from the University of Chicago in 1987 and a bachelor's degree from the University of Paris in 1985. Emmanuel joined Goldman Sachs in 1987 where over the years he worked in the fixed income, investment banking and capital markets areas and in 1991 he became the co-head of Worldwide Equity Derivatives. In 1998 he was elected to partnership. In 2001 he was appointed co-head of Worldwide Global Securities

Services and in 2003 he also became co-head of the European Equities Division. In September 2005, after 18 years at Goldman Sachs, Emmanuel joined GLG Partners LP as co-CEO where he was responsible primarily for expanding the business, marketing, risk management, operations, technology and compliance. In October 2010, on completion of the acquisition of GLG by MAN, Emmanuel also became the COO of MAN, a group-wide role with prime responsibility for integrating the GLG acquisition. He is also the key link between the sales, investment, product development and operational sides of the combined business. He joined the Board of MAN in May 2011.

Simon Ruddick
MD & Co-Founder
Albourne Partners

Albourne Partners is the world's largest hedge fund advisory firm, which he co-founded in March 1994. Albourne's 150+ clients have over \$200 billion invested in hedge funds. Albourne was awarded the Queen's Award for Enterprise in 2006 and again in 2009. Village.albourne.com, the not-for-profit website, has over 65,000 residents and has led to Simon Ruddick twice appearing in the Institutional Investor's Top 40 Online Entrepreneurs. Albourne has also hosted Hedgestock, featuring a performance by The Who, in 2006 to raise money for Teenage Cancer Trust. As well as appearing on Bloomberg TV, Ruddick's appearances on CNBC have included hosting its Squawk Box programme.

Mario Therrien

Senior VP, Fund of
Hedge Funds, Caisse
de dépôt et
placement du Québec

Mario was appointed Senior VP, Fund of Hedge Funds, with the Private Equity group on June 15, 2009. He manages the teams responsible for investments in external private equity funds, including venture capital funds in the information technology and life sciences sectors, leveraged buyout funds and hedge funds. He joined the Caisse's Alternative Tactical Investments team in 1992 as a financial analyst and was successively promoted to Assistant Manager and Manager. He was then assigned to the position of VP of Varan Tactical Asset Management, a fund specialising in global tactical investments, until 2002. Prior to that, he was VP of Funds of Hedge Funds, Absolute Return, and oversaw the team in charge of developing investment strategies using hedge funds on an international scale. Mario has a bachelor's degree in economics and a master's degree in finance from Université de Sherbrooke. He has also completed the securities course given by the Canadian Securities Institute and holds the chartered financial analyst designation from the CFA Institute. He is a member of the Montréal CFA Society.

Sir Andrew Large
Advisor to the HFSB

Andrew Large was Deputy Governor of the Bank of England in 2002-2006. He now acts independently for central banks and governments in relation to financial stability and crisis prevention issues. He is also Chairman of the Senior Advisory Board of Oliver Wyman; Sr. Adviser to the HFSB; Chairman of the Advisory Committee of Marshall Wace, and Chairman of the Board Risk Committee of Axis, Bermuda.

Andrew Large's career has covered a wide range of senior positions in the world of global finance, within both the private and public sectors. Andrew spent twenty years in capital markets and investment banking, first with Orion Bank and then with Swiss Bank Corporation, on its Management Board in 1987-1989. Prior to his

time at the Bank of England he chaired the Securities and Investments Board (precursor of the FSA) 1992-1997 and Deputy Chairman of Barclays Group in 1998-2002. When at Barclays, Andrew was Chairman of Euroclear in Brussels. Concurrently he served on the Managing Director of the IMF's Capital Markets Consultative Group 1999-2002, and chaired for the Group of 30 a global report into strengthening the global financial infrastructure for clearing and settlement. Andrew has a keen interest in education; he is the Chairman of the newly created INSEAD Advisory Council and was a member of the INSEAD Board 1998-2010.

Antonio Borges (*), Peter Clarke () and Nicolas Moreau (***)** left the Board in 2010

* Antonio Borges moved to Washington D.C. to take over as Director of the European Department of the International Monetary Fund

**Due to the acquisition of GLG Partners by Man Group, it was agreed that one representative would be sufficient to be represented on the Board (both Man Group and GLG had been Trustees from the HFSB's inception), therefore Peter Clarke left the Board.

***Nicolas Moreau was promoted to the position of CEO of AXA France. He resigned from the Board due to his promotion and relocation to France.

Appendix 2: Overview of the HFSB Accounts

	Year to 31 Jan 2012	Year to 31 Jan 2011	Year to 31 Jan 2010	Year to 31 Jan 2009
	£	£	£	£
TURNOVER	862,113	784,645	898,167	602,509
Administrative expenses	(845,170)	(956,465)	(829,487)	(602,365)
LOSS/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	16,943	(172,206)	68,680	144
Tax on loss/profit on ordinary activities	-	15,102	(14,516)	(599)
LOSS/PROFIT FOR THE FINANCIAL YEAR	16,943	(157,104)	54,197	909

All activities derive from the continuing operations.