

HFSB STATEMENT ON ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

29TH April 2009

The Hedge Fund Standards Board (HFSB) has strong reservations about proposals contained in the European Commission's Draft Directive on Alternative Investment Fund Managers and is concerned at the lack of consultation over the directive.

Antonio Borges, chairman of the Hedge Fund Standards Board, said:

“We are very surprised at some of the proposals contained in this directive given the efforts already underway to develop a new architecture for the world financial system.

“The draft directive has not been discussed with the key interested parties nor is it consistent with the analysis and recommendations of the Commission's own experts - as outlined in the well received De Larosiere Report. The Directive also ignores the efforts already underway to develop global proposals such as those taking place under the G20 process.

“We are particularly concerned that the draft Directive opts for prescriptive norms, in contrast with the principles-based approach under which the industry developed in the UK. It would empower the Commission to issue detailed regulations, in effect sidelining national regulators. It would also force non-EU countries to approve equivalent regulation if they want to maintain access to the European market.

“The HFSB remains committed to the development of proposals that will reassure investors and provide more transparency and higher standards of conduct for fund managers. We will work with our American counterparts, who represent the vast majority of the Alternative Investment Industry, in order to move to a global approach whenever possible. And we will reject protectionist impulses, which will restrict market access and will ultimately hurt investors' interests. “The publication of the draft is the start of a long period of public consultation, in which we will certainly participate. We hope to contribute to a substantial improvement in the current proposals.”

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Notes to editors:

1. The HFSB was formed in January 2008 to take forward the work started by the Hedge Fund Working Group (HFWG), whose report on best practice standards was published that month.
2. A total of 48 hedge fund managers accounting for about \$200bn of assets under management have now committed themselves to the HFSB's standards.
3. The HFWG report on best practice standards for hedge fund managers is available at www.hfsb.org.
4. Antonio Borges, chairman, was formerly Vice Chairman and Managing Director of Goldman Sachs International in Europe (2000-2008). Before that he was Dean of Insead (1993-2000) and Vice Governor of Banco de Portugal, the central bank (1990-1993).
5. The other trustees of the HFSB are:
Peter Clarke, CEO, Man Group
Paul Dunning, former CEO, FRM Ltd
Christopher Fawcett, member of the Board, AIMA
Kathryn Graham, Director, Hermes Pension Fund Management
Michael Hintze, CEO, CQS
Anthony Lim, President of the London office and Advisor, External Managers Dept, GIC
Paul Marshall, Executive Chairman, Marshall Wace
Nicolas Moreau, Chairman, AXA Investment Managers Ltd
Russell Read, former CIO, CalPERS, and now CEO of C Change Investments
George Robinson, CFO, Sloane Robinson
Manny Roman, co-CEO, GLG
Simon Ruddick, Managing Director, Albourne Partners