

FINANCIAL NEWS

Standard-setter with a global perspective

When Dame Amelia Fawcett received a call from a headhunter asking if she wished to be considered for the role of chairman of the Hedge Fund Standards Board, she said: "I don't do trade bodies. And I don't do self-regulation."

But Sir David Walker, the former chairman of Morgan Stanley International and new chairman of Barclays, who has been a long-time mentor to Fawcett, convinced her to meet the headhunter after all.

Last July, 56-year-old Fawcett took over as chairman of the HFSB, a role that touches on many strands of her career: regulation, public policy and innovation.

Now the straight-talking Bostonian divides her time between the UK and Boston, in between travelling elsewhere in the US, and to the Middle East and Asia for the HFSB, as well as Sweden, where she is a non-executive director of Investment AB Kinnevik, a fund manager. She also holds non-executive roles at State Street and Guardian Media. She is entertained on her travels by countless books and 410 days worth of music on her iPod.

Fawcett said: "When you end up not working in one place, everyone asks you what it's like to be retired. But I work as hard, and sometimes harder, than I ever had to at Morgan Stanley and am constantly available by email and telephone."

Move to London

Born in the US, Fawcett moved to Paris in 1985 with US law firm Sullivan & Cromwell. After her two-year secondment came to an end she took a job in Morgan Stanley's fledgling legal team.

Fawcett recalls: "I felt about Europe during the 1980s the way that I feel about Asia now. There was



Amelia Fawcett was instrumental in Morgan Stanley's worldwide expansion. Now she plans to take the HFSB around the world, writes Harriet Agnew

a vibrancy, a sense of entrepreneurialism and a feeling that the world was your oyster. In London, American depositary receipts and big trading business in derivatives were relatively new and international cross-border M&A was picking up.

At the time, Morgan Stanley was "basically a start-up," says Fawcett, often confused with the similarly named Morgan Grenfell and Morgan Guaranty. By the time Fawcett left Morgan Stanley in 2006 she was vice-chairman and chief operating officer, and the bank had grown from about 450 people and roughly \$200m in revenues, to about \$9bn in revenues and offices in some 14 countries.

Fawcett said: "The 20-year journey was a fantastic opportunity to be entrepreneurial under the umbrella of a big profitable company. The growth of financial markets and increasing globalisation of business made it very exciting."

The 1990s in London was the decade of Warburg, Morgan Grenfell and Cazenove, characterised by their old-school English blue-blooded reputations. Fawcett suspects that at as a woman at one of those firms, she wouldn't have been given the same opportunities she embraced at Morgan Stanley.

"The great thing about Morgan Stanley was that it was a meritocracy. It didn't matter who you were.

If you were good at what you did you would do well. There was a hunger and an urgency about it and a relative lack of complacency.”

Fawcett’s direct approach got her into trouble at times: from an early stage she argued that the bank should cover the press in the way that it covered clients, dividing up journalists between its senior staff. This met with opposition from Morgan Stanley’s strict “no comment” policy.

Setting sail

In 2006, after two decades at Morgan Stanley, Fawcett’s life moved in a different direction after she decided to sail the Atlantic for charity Break-through Breast Cancer.

Having grown up in a New England sailing community in Massachusetts, she had always wanted to sail around the world after seeing Sir Francis Chichester complete a round-the-world trip in Gipsy Moth IV and reading his books.

Fawcett and her four-strong team completed the Atlantic crossing – from Manchester in New Hampshire to Falmouth, Cornwall – in 17 days, raising more than £250,000 for charity. The gruelling daily shifts and the commitment to writing a blog for the Daily Mail on each day’s progress meant that Fawcett didn’t



Background

British and American citizen
Age: 56

Education

Wellesley College and
University of Virginia

Career highlights

2011: Chairman of
the HFSB

2010: Appointed a Dame
Commander of the British
Empire

2007-2010: Chairman of
Pensions First

1987-2007: Morgan Stanley,
numerous roles

Interests

Fly fishing, hiking, reading,
music

sleep for much more than two hours a day. The books they brought remained unread, the cards and backgammon untouched, and they only drank one bottle of wine between the five of them during the entire trip.

On returning to Morgan Stanley, Fawcett resigned. She was about to turn 50 and ready for a change. Her next step was as chairman of PensionsFirst, a pensions buyout specialist, which she helped to set up. Fawcett held this role until 2010.

The Hedge Fund Standards were drawn up in 2007 by a working group of 14 managers, in response to concerns about the industry, including financial stability and systemic risk. The standards operate a “comply or explain” policy and signatories are expected to signal their conformity on a yearly basis.

Since 2007, the HFSB has grown to have 78 signatories among hedge fund managers – accounting for about \$380bn of assets under management – and 61 investors who are members of the Investor Chapter. Since she came on board last year, Fawcett has been charged with taking the initiative around the world, notably in the US, but also in Asia and the Middle East.

Fawcett said: “The goal is to continue to get traction in the US with

managers and investors. We’re looking at adding one or two of each to the board. Investors have been very influential and critical to our ability to get hedge funds in the US to sign up.”

Ray Dalio’s Bridgewater Associates, the largest hedge fund manager in the world, is one of 11 US managers and four US investors to have signed up this year.

Fawcett is adamant that the standards are no substitute for regulation. “There are some areas where standards are more appropriate than black-line regulation. The difficult areas of regulation are those such as risk management, transparency or valuations, which rely on judgment and culture. Standards are a better way of dealing with those less binary, more judgment-oriented factors.”

Hedge fund performance has been underwhelming recently: the average fund is up 4.33% this year to the end of October, after losing 5.25% in 2011. Fees are coming under pressure.

But the HFSB doesn’t take a stance on the absolute level of fees. Fawcett said: “Fee levels and structure are the subject of a commercial relationship. Our role is to ensure that there is transparency on fees and put both parties on a level playing field to negotiate.”

<http://www.efinancialnews.com/story/2012-11-19/standard-setter-with-a-global-perspective>