

## **HFSB LAUNCHES A NEW CONSULTATION ON MANAGING CONFLICTS OF INTEREST**

26 March 2015

The Hedge Fund Standards Board (HFSB) is proposing changes to its Standards to improve disclosure of conflicts of interest to investors. The proposed changes also seek to strengthen internal compliance procedures to mitigate conflicts of interest.

One of the important changes being proposed will require managers to disclose parallel funds, including employee funds, and to disclose the aggregate size of employee and partner co-investment in those funds. The proposed changes will be subject to consultation with the industry and regulators.

Dame Amelia Fawcett, Chairman of the HFSB, stated: “The Hedge Fund Standards already address many different types of conflicts of interest in areas such as valuation, risk management and handling of redemptions. These new Standards and guidance are intended to enable better due diligence of conflicts of interest by investors.”

David George, Head of Debt & Alternatives of Future Fund Australia, said: “This consultation demonstrates the HFSB’s ongoing efforts to address important investor concerns, particularly in the area of conflicts of interest. The proposed changes will help investors assess the alignment of their managers with the investors’ interests.”

The proposed changes to the Standards are outlined in the [Consultation Paper](#) published today. The consultation will run until 12 June 2015.

In line with the HFSB's mandate to update the Standards from time to time, this is the fourth time the HFSB is consulting on amending its Standards since their first publication in 2008.

The HFSB was set up in 2008 as the standard-setting body for the hedge fund industry and now has a growing membership internationally in both Asia and North America. Hedge fund managers in the US and Canada now account for 40 percent of the HFSB's 123 signatories. Assets under management of all HFSB signatories total more than \$700 billion.

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**Notes to editors:**

1. The HFSB was formed in January 2008 to agree standards of good practice for hedge fund managers. The Standards are constantly reviewed by international investors and managers in the light of experience. A full list of signatories and supporters is available at [www.hfsb.org](http://www.hfsb.org).
2. In July 2014, the HFSB became an affiliate member of the International Organisation of Securities Commissioners ("IOSCO"). On announcement of granting affiliate membership to the HFSB, David Wright, General Secretary of IOSCO, said "There is an important role for industry standards to play alongside statutory regulation in promoting transparency and good governance in financial markets. The HFSB can play a valuable role working with regulators and supervisors."
3. Dame Amelia Fawcett became chairman of the HFSB in July 2011. She is also Deputy Chairman of Investment AB Kinnevik in Stockholm, a Non-Executive Director of State Street Corporation in Boston and Millicom International Cellular S.A. in Luxembourg. She was formerly Vice Chairman and Chief Operating Officer of Morgan Stanley International Limited and a member of the Court of Directors of the Bank of England. In 2002 she was awarded a CBE and in 2010 a DBE, both for

services to the finance industry. She is a Governor of the London Business School, a Fulbright Commissioner, a Trustee of Project HOPE (UK) and Chairman of The Prince of Wales's Charitable Foundation.

4. The Trustees of the HFSB are:

- Dame Amelia Fawcett
- Jane Buchan, CEO, Pacific Alternative Asset Management Company (PAAMCO)
- Tom Dunn, Managing Principal, New Holland Capital
- David George, Head of Debt & Alternatives, Future Fund Australia
- Chris Gradel, Founder, Pacific Alliance Group (PAG)
- Kathryn Graham, Head of Strategy and Co-ordination, Universities Superannuation Scheme Ltd
- Anthony Lim, MD, Government of Singapore Investment Corporation
- Paul Marshall, Chairman and CIO, Marshall Wace LLP
- Russell Read, CIO and Deputy CEO, Gulf Investment Corporation
- George Robinson, Partner, CFO and Head of Research, Sloane Robinson
- Emmanuel Roman, CEO, Man Group plc
- Simon Ruddick, MD & Co-Founder, Albourne Partners
- Daniel H. Stern, Co-Founder and Co-CEO, Reservoir Capital Group
- Mario Therrien, Senior VP, External Portfolio Management - Public Markets, Caisse de dépôt et placement du Québec

5. The Founders of the HFSB are:

BlueCrest Capital Management  
Brevan Howard Asset Management  
Brummer and Partners  
Cheyne Capital  
CQS  
Henderson Global Investors  
Lansdowne Partners Limited

Man Group plc  
Marshall Wace  
Och-Ziff Capital Management  
Winton Capital Management

6. The Core Supporters of the HFSB are:

- Aberdeen Asset Management
- Albourne Partners
- Allianz Global Investors
- Arrowgrass Capital Partners LLP
- IONIC Capital Management LLC
- Pacific Alternative Asset Management Company
- PAG
- Reservoir Capital Group
- Towers Watson
- Unigestion