

Client Advisory | February 2009

Financial Services Regulatory Reform Begins

Bill to Register Private Investment Funds is Introduced in Senate

All private investment funds with \$50 million or more of assets under management would be required to register and provide detailed information to the Securities and Exchange Commission under a bill just introduced by Senators Carl Levin and Charles Grassley.



Matthew C. Dallett, Partner

Despite its name, the Hedge Fund Transparency Act would apply to venture capital, private equity and other special-purpose, privately-offered funds, as well as hedge funds. It would impose registration, record-keeping, and SEC examinations, as well as anti-money laundering compliance.

Oddly – considering the recent clamor for more information about hedge funds' operations and investments – the Act would require public identification of a fund's individual investors but no disclosure about its leverage and positions, let alone its counterparty exposure.

Because of its focus on investors and a number of technical problems, we view the Act as unlikely to go far in its present form. However, it is the first of many salvos aimed at imposing tighter regulation on private funds. We will bring important future developments to your attention.

If there are any particular developments you would like to monitor, or you would like input into the process of regulatory reform, please contact the Edwards Angell Palmer & Dodge LLP attorney responsible for your affairs or one of the following members of the firm's Investment Companies / Hedge Funds and Fund Formation practice groups:

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