

Quick note: I want to thank private markets network [Axial](#) for including my Private Fund Update in its list of "[16 Websites Deal Professionals Should Visit Daily](#)." Although I currently only send out a weekly email, I expect to move more online in the next few weeks and hopefully add new features as well. In any event, thanks for the kind words!

Private Fund Update

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Scott E. Gluck, Esq.
Venable LLP

Washington, DC Office:
t 202.344.4426
c 540.454.4820

Los Angeles Office:
t 310.229.9900
c 540.454.4820

sgluck@Venable.com
www.Venable.com

Not much action in Congress this week as foreign policy issues dominated the discussion. Perhaps the biggest event was the letter HFSC Chairman Jeb Hensarling and Congressman Scott Garrett wrote to SEC Chairwoman White on private equity fund registration. The letter questions the requirement that advisers to private equity funds register with the SEC and asks the Chairwoman to respond in writing to a series of questions related to private equity and systemic risk by September 20.

This Update contains:

- HFSC Chairman Hensarling's letter to SEC Chairwoman White regarding private equity fund registration;
- The SEC's announcement on enforcement priorities for hedge funds;
- The CFTC's concept release on risk controls for automated trading;
- Last week's and this week's relevant Congressional hearings;
- Materials released by the White House and Treasury marking the fifth anniversary of the financial crisis; and
- Reports issued by Dallas Federal Reserve, SIFMA and Third Way.

The President

The President spent much of his time on [obtaining a diplomatic solution in Syria](#), which has, at least for the moment, negated the need for a tough Congressional vote authorizing strikes. The White House released a report entitled "[The Financial Crisis: Five Years Later](#)," which describe actions taken by the Administration since the 2008 financial crisis involving TARP, the automotive industry, housing, bank capital, and derivatives. As noted below, the Department of Treasury also has a [nifty presentation](#) on steps that have been taken in the five years since the crisis.

The 113th Congress

The Senate

Joint Economic Committee

The Senate/House Joint Economic Committee holds a hearing on Wednesday, September 18 on "[The Economic Costs of Debt-Ceiling Brinkmanship](#)." Witnesses are:

- Mark Zandi, Chief Economist, Moody's Analytics
- David Malpass, President, Encima Global
- Daniel J. Mitchell, Senior Fellow, Cato Institute
- Don Marron, Director, Economic Initiatives, Urban-Brookings Tax Policy Center

Senate Banking Committee

The SBC continued its focus on the federal housing finance system, holding a hearing entitled “[Essential Elements of Housing Finance Reform](#).” Witnesses were:

- Julia Gordon, Director of Housing Finance and Policy, Center for American Progress
[\[written testimony\]](#)
- Jerome T. Lienhard, II, CEO, SunTrust Mortgage, Inc.
[\[written testimony\]](#)
- Richard Johns, Executive Director, The Structured Finance Industry Group
[\[written testimony\]](#)
- Dr. Mark Zandi, Chief Economist, Moody’s Analytics
[\[written testimony\]](#)

A video of the hearing is [here](#).

This week the Committee holds hearings on [Implementation of The Biggert-Waters Flood Insurance Act of 2012](#) and [Recovering from Superstorm Sandy](#).

House of Representatives

House Financial Services Committee

One of the most interesting things to happen this week is the letter that Committee Chairman Jeb Hensarling (R-TX) and Capital Market Subcommittee Chairman Scott Garrett (R-NJ) [wrote to SEC Chairwoman Mary Jo White](#) regarding registration requirements for advisers to private equity funds. The letter questions why these advisers are required to register, indicates support for [H.R. 1105](#) (the [Small Business Capital Access and Job Preservation Act](#)) which would exempt PE funds from having to register, and asks Chairwoman White to answer a number of questions regarding private equity and systemic risk.

The Committee continued its focus on federal housing finance, holding a hearing on “[Reducing Waste, Fraud, and Abuse in Housing Programs](#)” with HUD Inspector General David Montoya. Here are links to IG Montoya’s [written testimony](#) and the [Committee Memorandum](#) for the hearing. Hearings were also held on the [History of the Federal Reserve](#) and the [Semi-Annual Report of the CFPB](#).

This week the Committee holds hearings on [The Terrorism Risk Insurance Act of 2002](#) and the [SEC’s Money Market Fund Rule Proposal](#). The [Committee Memorandum](#) for the money market fund hearing has been released. Witnesses will be:

- Steven N. McCoy, Treasurer, State of Georgia, on behalf of the National Association of State Treasurers
- Sheila Bair, Chair, Pew Charitable Trusts, Systemic Risk Council
- Marie Chandoha, CEO, Charles Schwab
- James Gilligan, Great Plains Energy, on behalf of the U.S. Chamber of Commerce
- Paul Schott Stevens, CEO, Investment Company Institute

Their written testimony has not yet been released.

As a reminder, here is the [September hearing schedule](#) for the Committee.

House Small Business Committee

The HSBC is holding one markup and one hearing this week:

[Markup of H.R. 2542](#) – On Wednesday at 1:00 p.m. the Committee marks up H.R. 2542, the “[Regulatory Flexibility Improvements Act](#).” The bill would amend several statutes to ease regulatory burdens on small entities. The markup will be webstreamed live [here](#).

[Hearing on Private Sector Initiatives to Educate Small Business Owners](#) – On Thursday, the Committee holds a hearing titled “[Private Sector Initiatives to Educate Small Business Owners and Entrepreneurs](#).” Witnesses will include:

- Dina Powell, Managing Director, Goldman Sachs
- Stephen Morgan, Board of Trustees, My Own Business, Inc.
- Damien Stevens, CEO, Servosity
- Kim Pate, CERO, Corporation for Enterprise Development

Securities and Exchange Commission

Current SEC Priorities Regarding Hedge Fund Managers

Norm Champ, Director of the SEC’s Division of Investment Management, gave a speech titled “[Current SEC Priorities Regarding Hedge Fund Managers](#).” The speech covered a variety of issues the SEC is focused on, including:

- General Solicitation and Bad Actors;
- Lifting the Ban on General Solicitation;
- Insider Trading; and
- General Compliance

Open Meeting - Final Rule Re: Municipal Advisors/Proposed Rules Re: Executive Compensation

On Wednesday, September 18, the SEC will hold an open meeting to consider whether to finalize rules for the registration of municipal advisors. The SEC issued its [proposed rule on municipal advisors](#) in December 2010 but since then has had difficulty defining the term “municipal advisor.” Here are links to the initial [Form MA](#) and [Instructions and Glossary](#) for the registration form.

The Commission will also consider whether to propose rules requiring companies to disclose the median annual total compensation of all employees and the ratio of that median to the annual total compensation of the company’s chief executive officer as mandated by Section 953(b) of Dodd-Frank.

Agenda for Tuesday Meeting of Advisory Committee on Small and Emerging Companies

The SEC released the [agenda](#) for its Tuesday meeting of the Advisory Committee on Small and Emerging Companies. The meeting will focus primarily on the two recent final rules lifting the ban on general solicitations and disqualifying bad actors as well as the proposed rule that amends Reg D and Form D. There will be a presentation by the Angel Capital Association and a discussion on the JOBS Act and new ideas for capital formation.

Comments on Proposed Rule re: General Solicitation Due September 23

Comments on the SEC’s [proposed rule](#) imposing new restrictions on general solicitations by issuers, including private funds are due on September 23. Thus far, [over 300 comments](#) have been submitted, most

of which relate to the impact on startups and venture capital. The SEC's [final rule](#) eliminating the prohibition against general solicitations and the [final "bad actor" rule](#) also go into effect that date.

Compliance Outreach Seminars

The SEC [is holding a series of seminars](#) around the country as part of its Compliance Outreach Program for investment adviser and investment company senior officers, including chief compliance officers (CCOs). The seminars highlight areas of focus for compliance professionals and allow SEC staff to identify common issues found in examinations or investigations and discuss industry practices, including how compliance professionals have addressed such matters. The upcoming seminars are:

- New York – September 13
- Atlanta – September 25
- San Francisco – November 6

For more information and to register for the seminars, click [here](#).

Commodity Futures Trading Commission

Concept Release Re: Risk Controls on Automated Trading

The CFTC released its long-awaited [Concept Release](#) on risk controls and system safeguards for automated trading. There is now a 90-day period for public comments from the date the release is published in the Federal Register. Comments may be submitted [here](#).

Meeting of Technology Advisory Committee

The CFTC's Technology Advisory Committee met last week [to discuss several items](#), including Swap Data Reporting, automated (high frequency) trading, swap execution facilities, and cross-border rules. Chairman Gensler's written statement opening the meeting is [here](#).

Association for Corporate Growth (ACG)

Los Angeles Business Conference September 17-18

The [Los Angeles Business Conference](#) is scheduled to take place on September 17-18 in Beverly Hills. Former President Bill Clinton will be the keynote speaker.

Middle Market Growth Daily

To check out ACG's *Middle Market Growth Daily*, a daily roundup of news and other items of interest to the middle-market private equity community, check out www.mmgdaily.com.

PrivCap

Release of Videos on Private Equity

PrivCap released a video on "[Rising Risks in Real Estate](#)."

Third Way

Report on Banking Crash Tests

The think tank [Third Way](#) released a report on [Banking Crash Tests](#) that explains why and how banking regulators stress test banks, how the banks have performed and what the implications are for our banking system.

Miscellaneous

[Dallas Federal Reserve Paper on Cost of 2008 Financial Crisis](#)

The Dallas Federal Reserve published an [economic letter](#) this week, finding that the bottom-line estimate of the cost of the financial crisis, assuming output eventually returns to its precrisis trend path, is an output loss of \$6 trillion to \$14 trillion. This is a follow-up to a staff paper the authors released in July titled "[How Bad Was It? The Costs and Consequences of the 2007-09 Financial Crisis.](#)"

[Department of Treasury Report on Financial Crisis](#)

The Treasury Department issued a pretty cool presentation titled "[The Financial Crisis Five Years Later: Response, Reform, and Progress.](#)" The presentation includes a number of interesting graphs and charts and is worth reading.

[SIFMA Blog by Senator Judd Gregg](#)

Senator Judd Gregg, CEO of SIFMA, issued a post on SIFMA's [Pennsylvania + Wall blog](#) titled "[Helping Americans Succeed, Helping Main Street Prosper.](#)"

[Pitchbook Q3 2013 Private Equity Breakdown](#)

Pitchbook released its Q3 Private Equity Breakdown. The report finds PE deal-making was at a lackluster pace in 2Q 2013, reaching a new quarterly low since the depths of the financial crisis. PE firms invested \$71 billion across 318 deals in the second quarter, down from 420 investments in 1Q 2013 and far off last year's stellar fourth quarter, in which 671 companies received \$141 billion in PE money. One deal – Berkshire Hathaway and 3G Capital's \$23.2 billion buyout of condiment maker H.J. Heinz – made up nearly one-third of all capital invested in the second quarter. A copy of the report can be obtained [here](#).

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