

Best practices for hedge fund managers and investors issued by President's Working Group on Financial Markets

On April 15, 2008, the Asset Managers' Committee and the Investors' Committee appointed by Treasury Secretary Henry Paulson, Chairman of the President's Working Group on Financial Markets, issued recommendations for best practices by hedge fund investors and managers.

The reports, developed by private sector committees composed of hedge fund managers and investors, provide guidance for establishing best practices and support a principles-based approach to regulation for the financial services industry.

The Asset Managers' Committee report calls on hedge fund managers to adopt comprehensive best practices in the management and administration of their funds, including disclosure, valuation of assets, risk management, business operations, compliance and conflicts of interest. The focus is on implementing innovative and far-reaching practices that exceed existing industry-wide standards and on increasing accountability for hedge fund managers.

The Investors' Committee report contains both a Fiduciary's Guide, which provides recommendations to individuals charged with evaluating the appropriateness of hedge funds as a component of an investment portfolio, and an Investor's Guide, which provides recommendations to those charged with executing and administering a hedge fund program once a fiduciary has decided to add hedge funds to the investment portfolio.

Industry participants are encouraged to review the reports, and can submit comments on them to the committees through their Web site at www.amaicmte.org. The deadline for submitting comments is June 13, 2008. The committees will review the comments and, as necessary, revise their recommendations on best practices and standards.

Partners from PricewaterhouseCoopers consulted with the Asset Managers' Committee, contributing to the development of the Recommendations on Valuation.

The Asset Managers' Committee report can be found here: http://www.amaicmte.org/Public/AMC_Report.pdf

The Investors' Committee report can be found here: http://amaicmte.org/Public/Investors_Committee_Report.pdf

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