

# **CFA Institute Member Poll: Alternative Investment Fund Managers**

**October 2009**

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## Executive Summary

The purpose of this poll was to obtain CFA Institute member feedback on issues related to alternative investment funds in order to represent member views before the regulatory community.

54 percent believe alternative investment *funds* should be subject to regulatory authorization and registration when they market to professional investors, and 57 percent believe alternative investment fund *managers* should be subject to regulatory authorization and registration. When marketing to retail investors, 93 percent believe alternative investment *funds* should be subject to regulatory authorization and registration and 89 percent believe fund *managers* should be subject to regulatory authorization and registration. A higher proportion of members in the European Union (EU) believe all of the above should be subject to regulatory authorization/registration than do those outside the EU.

94 percent support mandatory requirements for Managers of Alternative Investment Funds to act honestly, with due skill, care and diligence; to treat investors fairly; and to act in the best interests of investors. 59 percent believe Managers of Alternative Investment Funds should be required to make the same disclosures to investors about the operations and activities of the funds they manage as non-alternative funds, and 62 percent believe they should be required to make the same disclosures to regulators.

36 percent agree that regulatory authorities should have the capacity to set limits on the levels of leverage employed by Alternative Investment Fund Managers in the funds they manage, and only 27 percent agree they should have the ability to place limits on the extent of short-selling activity carried out by Alternative Investment Fund Managers. A lower proportion of members in the UK agree compared to the rest of the EU.

81 percent agree Alternative Investment Fund Managers should be mandated to appoint an independent third party for the valuation of assets. 71 percent agree an independent third party should retain control over the process used to determine a final valuation.

Over half of members (52 percent) do not think it is appropriate to place restrictions related to the location of independent valuers, depositaries, and portfolio managers of Alternative Investment Funds sold in the EU, 29 percent feel restrictions on non-EU actors are appropriate, and 20 percent had no opinion. A higher proportion of members in the EU feel the restrictions are appropriate than do members in European countries outside of the EU.

The majority 76 percent of respondents support allowing access to the EU market by an Alternative Investment Fund and/or Manager from outside the EU (a “third country”), provided the third country regulatory and supervisory standards are at least comparable to the EU. 18 percent support irrespective of the third country regulatory standards, 2 percent do not support at all, and 4 percent had no opinion. A higher

proportion of members outside the EU support allowing access from a third country irrespective of regulatory standards than do members in the EU.

Almost one-fourth of European members think all types of Alternative Investment Funds and/or their Managers should be regulated under the same set of rules. 58 percent think they should be subject to appropriately differentiated rules within the same basic framework, and 16 percent believe they should be subject to appropriately differentiated rules and differentiated frameworks.

965 (75 percent) of respondents are in the European Union and 314 (25 percent) are from European countries outside the EU. 50 percent work on the buy side. Common occupations are portfolio managers, research analysts, consultants, and investment banking analysts. 27 percent indicate their primary investment practice is equities, 13 percent fixed income, 9 percent hedge funds, 7 percent private equity, and 5 percent derivatives.

*Results in the executive summary do not exclude “no opinion” responses. Results tables in the report display these results along with the results excluding “no opinion” responses.*

*The seven question survey was e-mailed to 14,333 CFA Institute members in Europe on 9 October 2009, and the survey closed on 22 October. All members in Europe with a valid e-mail address were invited to participate in the poll. One follow-up reminder to non-respondents was sent on 20 October.*

*The total number of eligible responses was 1,279, for a response rate of 9 percent. The margin of error is  $\pm 2.6$  percent at the 95 percent confidence level. Margin of error varies slightly by question as the number responding to each question varies. Survey analysis was conducted at the aggregate level as well as at the EU and Non-EU level and in the UK and Switzerland. Margin of error is larger for subgroup analyses.*

## Results Tables

Q1: Do you believe that Alternative Investment Funds (such as hedge funds and private equity) and/or their managers should be subject to regulatory authorization and registration when they market to professional and/or retail investors?		Total	
Marketed to Professional Investors - Alternative Investment Funds			
Yes	54%	57%	
No	42%	43%	
No opinion	4%	Excluded	
Sample Size	1267	1212	
Marketed to Professional Investors - Managers of Alternative Investment Funds			
Yes	57%	60%	
No	38%	40%	
No opinion	5%	Excluded	
Sample Size	1256	1196	
Marketed to Retail Investors - Alternative Investment Funds			
Yes	93%	94%	
No	6%	6%	
No opinion	1%	Excluded	
Sample Size	1259	1247	
Marketed to Retail Investors - Managers of Alternative Investment Funds			
Yes	89%	91%	
No	9%	9%	
No opinion	2%	Excluded	
Sample Size	1243	1220	

**Q1: Do you believe that Alternative Investment Funds (such as hedge funds and private equity) and/or their managers should be subject to regulatory authorization and registration when they market to professional and/or retail investors?**

Marketed to Professional Investors - Alternative Investment Funds	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Yes</b>	56%	47%	59%	51%	48%	59%	48%	62%	55%	49%
<b>No</b>	39%	51%	36%	42%	50%	41%	52%	38%	45%	51%
<b>No opinion</b>	5%	2%	4%	7%	2%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	955	312	426	399	257	907	305	408	371	251
Marketed to Professional Investors - Managers of Alternative Investment Funds	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Yes</b>	59%	50%	58%	59%	50%	62%	52%	61%	63%	51%
<b>No</b>	36%	47%	37%	34%	47%	38%	48%	39%	37%	49%
<b>No opinion</b>	5%	3%	5%	6%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	946	310	422	392	257	896	300	400	367	249
Marketed to Retail Investors - Alternative Investment Funds	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Yes</b>	94%	88%	95%	93%	90%	95%	89%	95%	94%	91%
<b>No</b>	5%	11%	5%	6%	9%	5%	11%	5%	6%	9%
<b>No opinion</b>	1%	2%	0%	1%	1%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	947	312	422	393	256	940	307	421	388	254
Marketed to Retail Investors - Managers of Alternative Investment Funds	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Yes</b>	91%	84%	89%	94%	85%	93%	86%	91%	95%	86%
<b>No</b>	7%	14%	9%	5%	14%	7%	14%	9%	5%	14%
<b>No opinion</b>	2%	3%	2%	1%	2%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	935	308	415	387	254	920	300	407	383	250

Q2: Do you support or oppose mandatory requirements for Managers of Alternative Investment Funds to act honestly, with due skill, care and diligence; to treat investors fairly; and to act in the best interests of investors?	Total	
<b>Support</b>	94%	97%
<b>Oppose</b>	3%	3%
<b>No opinion</b>	2%	Excluded
<b>Sample Size</b>	1277	1247

Q2: Do you support or oppose mandatory requirements for Managers of Alternative Investment Funds to act honestly, with due skill, care and diligence; to treat investors fairly; and to act in the best interests of investors?										
	EU	Non-EU	EU excl.		Switzerland	EU	Non-EU	EU excl.		Switzerland
<b>Support</b>	94%	94%	95%	95%	94%	96%	97%	97%	96%	97%
<b>Oppose</b>	3%	3%	3%	4%	3%	4%	3%	3%	4%	3%
<b>No opinion</b>	2%	3%	2%	2%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	964	313	427	402	257	942	305	417	395	249

Q3: Should Managers of Alternative Investment Funds be required to make the same, more, or less disclosure about the operations and activities of the funds they manager compared to non-alternative funds (such as UCITS/retail funds)	Total	
Disclosures to investors		
Less disclosure than non-alternative funds	23%	24%
The same disclosure as non-alternative funds	59%	61%
More disclosure than non-alternative funds	14%	15%
No opinion	3%	Excluded
Sample Size	1274	1235
Disclosures to regulators		
Less disclosure than non-alternative funds	16%	16%
The same disclosure as non-alternative funds	62%	64%
More disclosure than non-alternative funds	19%	19%
No opinion	3%	Excluded
Sample Size	1264	1224



**Q3: Should Managers of Alternative Investment Funds be required to make the same, more, or less disclosure about the operations and activities of the funds they manager compared to non-alternative funds (such as UCITS/retail funds)**

Disclosures to investors	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Less disclosure than non-alternative funds</b>	23%	25%	19%	26%	24%	23%	26%	20%	26%	24%
<b>The same disclosure as non-alternative funds</b>	60%	56%	61%	59%	57%	62%	59%	63%	61%	59%
<b>More disclosure than non-alternative funds</b>	14%	15%	16%	13%	16%	15%	16%	17%	13%	16%
<b>No opinion</b>	3%	4%	3%	3%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	960	314	426	400	258	933	302	412	390	250
Disclosures to regulators	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Less disclosure than non-alternative funds</b>	15%	18%	14%	18%	14%	16%	18%	14%	18%	15%
<b>The same disclosure as non-alternative funds</b>	64%	59%	62%	64%	62%	65%	61%	65%	66%	64%
<b>More disclosure than non-alternative funds</b>	18%	19%	20%	15%	21%	19%	20%	21%	16%	21%
<b>No opinion</b>	3%	4%	4%	3%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	951	313	420	399	257	923	301	405	388	249

Q4: For each of the following statements, please indicate whether you agree or disagree. If you have additional comments on the statement, please enter them in the box below each statement.		Total	
Regulatory authorities should have the capacity to set limits on the levels of leverage employed by Alternative Investment Fund Managers in the funds they manage.			
Agree	36%	37%	
Disagree	61%	63%	
No opinion	3%	Excluded	
Sample Size	1276	1232	
Regulatory authorities should have the ability to place limits on the extent of short-selling activity carried out by Alternative Investment Fund Managers.			
Agree	27%	29%	
Disagree	68%	71%	
No opinion	4%	Excluded	
Sample Size	1277	1224	
Alternative Investment Fund Managers should be mandated to appoint an independent third party for the valuation of assets.			
Agree	81%	85%	
Disagree	14%	15%	
No opinion	5%	Excluded	
Sample Size	1273	1205	
An independent third party should retain control over the process used to determine a final valuation.			
Agree	71%	79%	
Disagree	19%	21%	
No opinion	9%	Excluded	
Sample Size	1272	1155	

**Q4: For each of the following statements, please indicate whether you agree or disagree. If you have additional comments on the statement, please enter them in the box below each statement.**

Regulatory authorities should have the capacity to set limits on the levels of leverage employed by Alternative Investment Fund Managers in the funds they manage.	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Agree</b>	37%	32%	41%	28%	32%	38%	33%	43%	29%	33%
<b>Disagree</b>	60%	64%	54%	70%	65%	62%	67%	57%	71%	67%
<b>No opinion</b>	3%	4%	5%	2%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	963	313	427	401	257	931	301	404	394	249
Regulatory authorities should have the ability to place limits on the extent of short-selling activity carried out by Alternative Investment Fund Managers.	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Agree</b>	28%	25%	29%	23%	25%	29%	26%	31%	23%	26%
<b>Disagree</b>	68%	71%	65%	76%	72%	71%	74%	69%	77%	74%
<b>No opinion</b>	4%	4%	6%	2%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	963	314	427	402	258	921	303	400	395	250
Alternative Investment Fund Managers should be mandated to appoint an independent third party for the valuation of assets.	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Agree</b>	80%	83%	81%	79%	85%	85%	86%	87%	84%	88%
<b>Disagree</b>	14%	13%	12%	15%	12%	15%	14%	13%	16%	12%
<b>No opinion</b>	6%	4%	6%	6%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	961	312	426	400	256	905	300	400	377	248
An independent third party should retain control over the process used to determine a final valuation.	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
<b>Agree</b>	71%	73%	73%	69%	76%	78%	82%	80%	76%	84%
<b>Disagree</b>	20%	16%	18%	22%	14%	22%	18%	20%	24%	16%
<b>No opinion</b>	9%	10%	9%	9%	10%	Excluded	Excluded	Excluded	Excluded	Excluded
<b>Sample Size</b>	959	313	424	400	258	874	281	386	364	232

Q5: Do you believe it is appropriate to place restrictions related to the location of independent valuers, depositaries, and portfolio managers of Alternative Investment Funds sold in the EU?	Total	
Yes, restrictions on non-EU actors are appropriate.	29%	36%
No, restrictions on non-EU actors are inappropriate.	52%	64%
No opinion	20%	Excluded
Sample Size	1277	1026

Q5: Do you believe it is appropriate to place restrictions related to the location of independent valuers, depositaries, and portfolio managers of Alternative Investment Funds sold in the EU?										
	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
Yes, restrictions on non-EU actors are appropriate.	33%	17%	35%	26%	17%	41%	20%	45%	33%	21%
No, restrictions on non-EU actors are inappropriate.	48%	65%	44%	54%	66%	59%	80%	55%	67%	79%
No opinion	20%	19%	21%	20%	17%	Excluded	Excluded	Excluded	Excluded	Excluded
Sample Size	963	314	427	401	258	771	255	338	321	214

Q6: What is your opinion on allowing access to the EU market by an Alternative Investment Fund and/or Manager from outside the EU (a "third country")?	Total	
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	76%	79%
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	18%	18%
Access from a third country should <u>not</u> be allowed.	2%	2%
No opinion	4%	Excluded
Sample Size	1274	1223

Q6: What is your opinion on allowing access to the EU market by an Alternative Investment Fund and/or Manager from outside the EU (a "third country")?	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	79%	67%	82%	74%	68%	82%	71%	85%	77%	72%
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	15%	26%	11%	21%	25%	16%	27%	12%	22%	26%
Access from a third country should <u>not</u> be allowed.	2%	1%	3%	1%	2%	3%	1%	3%	2%	2%
No opinion	4%	5%	4%	4%	5%	Excluded	Excluded	Excluded	Excluded	Excluded
Sample Size	961	313	426	401	257	927	296	409	386	243

Q7: Do you think all types of Alternative Investment Funds (e.g., hedge funds, private equity, commercial property funds, non-UCITS retail funds) and/or their Managers should be regulated under the same set of rules, if at all?	Total	
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	24%	25%
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework	58%	60%
No, different types of Alternative Investment Fund and/or the Managers should be subject to appropriately differentiated rules and differentiated frameworks.	16%	16%
No opinion	3%	Excluded
Sample Size	1218	1187

Q7: Do you think all types of Alternative Investment Funds (e.g., hedge funds, private equity, commercial property funds, non-UCITS retail funds) and/or their Managers should be regulated under the same set of rules, if at all?										
	EU	Non-EU	EU excl. UK	UK	Switzerland	EU	Non-EU	EU excl. UK	UK	Switzerland
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	23%	26%	21%	23%	26%	24%	27%	22%	24%	27%
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework	60%	52%	62%	59%	50%	62%	53%	64%	61%	51%
No, different types of Alternative Investment Fund and/or the Managers should be subject to appropriately differentiated rules and differentiated frameworks.	14%	20%	14%	15%	21%	15%	20%	15%	15%	21%
No opinion	2%	3%	3%	2%	3%	Excluded	Excluded	Excluded	Excluded	Excluded
Sample Size	927	291	415	383	243	905	282	404	374	235

## Comments

### Q2 Comments

Do you support or oppose mandatory requirements for Managers of Alternative Investment Funds to act honestly, with due skill, care and diligence; to treat investors fairly; and to act in the best interests of investors?	Comments
Support	1. Has there been, over the last 3 to 5 years, sufficient cases to justify increased oversight of AIF? So obviously yes... 2. Has the financial community at large, including you and me, showed it can efficiently self-regulate over the last 3 to 5 years? So obviously no...
Support	absolutely, clear understanding of their fiduciary duty with respect to investors money is required
Support	acting like this is not related to the sector/type of investment you invest in. Always, always managers must act honestly, with care and to treat every investor fairly and for sure to act in the best interest of their investors (limited partners).
Support	After the abuses of 2008 it's high time to regulate these greedy people
Support	All those managing money, including managers of alternative investment funds, should be required to act professionally.
Support	Alternative managers are asset managers and should apply the same standards
Support	Although all depends on the formal procedures which will be put in place and how workable these will (prove to) be
Support	Although I support mandatory requirements in those areas, I believe they must become natural (utopic wish maybe) and must be balanced so as not to remove the "alternative" from alternative investment funds.
Support	Any individual or organisation with the aim of managing client funds should be subject to these requirements as a minimum.
Support	Application of the Code of Ethics and The Standards of Professional Conduct would be beneficial for industry in order to gain more public trust and to avoid or the mitigate crisis.
Support	Can anyone really oppose such requirements???
Support	covered by law and professional codes;not necessariy regulation
Support	create level playing field
Support	Difficult to implement because investors have contrary interest to potential investors; for example if the fund holds illiquid assets then investors and potential investors are like sellers and buyers (because the new investor buy into the assets).
Support	Due to the financial crisis the reputation of the financial industry and asset managers was affected. In order to recover this it is required to raise standards in the industry.

Support	High ethical standards needed, high integrity a must. "My word is my bond" has to be a matter of reputation and trust again, which leads to ethics policy and codes. Ethical behaviour has to be a critical element of a company's culture.
Support	How could anyone be opposed to these standards?
Support	How is that implementable?
Support	I do not appreciate the way the question is posed. Alternatives is a complete misnomer because it completely ignores the huge diversity. I believe I have read in the CFA Magazine or other publication that you could call it Miscellaneous instead of Alternative. It is useless to bundle very heterogeneous types of investment under one label. There should be a more differentiated approach and further categorization. I do agree strongly however, that with most of these misc./ niche/ OTC/ unregulated forms of investment tighter regulation will have to be the answer. Both for professional and retail investors.
Support	I don't see how we can oppose this statement. How the media and public will react to someone who opposes this statement?
Support	I don't think skill should be included though since it is difficult (impossible?) to measure.
Support	I see no reason why Managers of AIF should be discharged of those duties
Support	I support registration, but oppose authorisation. As to the ethics requirements - how do you envisage enforcement?
Support	I think that acceptable could be when Managers of Alternative Investment Funds would be required to adhere to Prudent Investor Law. This could be managed by that it will be compulsory for any fund to adhere to basic laws of the country where they are offering their services (simple add-on to the international private law).
Support	I would assume that these things go without saying, but then again ...
Support	If they do not act that way, why on earth should they be allowed to invest in the first place ?
Support	In the case of Retail. But if working for a professional investor, the professional investor should put this in their LP agreement.
Support	In the UK this already applies to managers via FSA
Support	In the wake of the financial crisis I believe it is imperative that also alternative investments funds underlie certain mandatory requirements. Whilst "flying below the radar" may benefit some clients in the short-term, the long-term effects and trust on/in the financial system must be questioned by doing so.
Support	Isn't this pretty fundamental?
Support	It disturbs me that this question needs to be asked. Not sure what it means in practice. No one would admit to acting in the opposite way, especially those setting out to defraud.
Support	It is a surprising question....
Support	It is in our own self-interest, and it is the right thing to do anyway.
Support	It sounds like a good idea in principle but could become a bonanza for lawyers and investors who took risks that they understood and then later became angry about losing money.
Support	It would be interesting to find out who opposed this and why.
Support	It's important to define a precise framework rather than just hope managers obey the spirit of the law.
Support	It's scary to think this needs to be discussed - it should be standard practice.
Support	Managers of Alternative Investment Funds should be subject to the same requirements as other Fund managers.



Support	Mandatory requirements are not sufficient but definitely necessary
Support	Mandatory requirements should come from an agreed code of ethics
Support	Most jurisdictions legal systems cover this. Control needed esp for cross-border sales
Support	no surprise
Support	Not sure how regulated/enforced though?
Support	Obviously one cannot oppose such principles, however the detailed implementation can be debated.
Support	Only works if enforced globally.
Support	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
Support	provides credibility for the seller and comfort to the investor
Support	Ref Madoff in Geneva: a perfect example of Due Diligence neglect.
Support	Regardless of the sector, any manager of integrity should feel obligated to uphold fiduciary duty and prudence, whether or not the requirement is mandatory
Support	Registration with local regulators currently enforce these requirements on multiple parties to an alternative investment fund. eg fund advisors, administrators, and managers. Supporting honesty and integrity is not necessarily equal to supporting greater regulatory burdens and trading restrictions.
Support	Same ethics requirements applied to the whole investment profession
Support	Self-regulation unfortunately does not work.
Support	Shouldn't it be implied without mention that any professional should act honestly with due skill and diligence, etc.?
Support	simple and effective regulations such as NFA for futures traders
Support	stupid question
Support	Support, but those requirements are necessary to be successful in any business
Support	That must be a joke: Have a look at the CAIA web site...!
Support	The financial world need to be as transparent as possible in order to develop its sustainable growth
Support	The FSA principle-based model is, I believe, the best in the world. It is demonstrably less prone to fraud than the US model, and the paperwork-based systems in most other countries simply cannot keep up with the alternatives space.
Support	the managers should be personally responsible (unlimited) and provide in addition a guarantee (in dependence of the assets under management and in relation to the total compensation (e. g. at least 3 annual compensations).
Support	The rules will be hard to enforce, as many AIFs are set up as partnerships in tax havens and don't list on exchanges.
Support	There should be no difference between traditional and alternative managers. Both need to act honestly, with care and diligence.
Support	These requirements would fit anyone doing any kind of business. Why not alternative investment managers?
Support	This is a "motherhood" question
Support	this is a fundamental principal of any investment management activity, regardless whether regulated or not
Support	this is a minimum requirement for any professional selling service and advice, not specific to Alternative Investments

Support	This is already an obligation for all CFA members working in Alternatives.
Support	this is at the base of any asset management business!
Support	This is implicit in their being fiduciary professionals.
Support	This is kind of a dumb question in wording as anyone who opposes it has questionable ethics themselves.
Support	this looks like a no-brainer, hedge fund managers earn the fees they charge only with profitable investment of their investors' money
Support	This second question looks very silly. How could anyone in the CFA institute community oppose or have no opinion on that position?
Support	This seems to me to be a basic expectation
Support	Too many past examples showing the opposite
Support	Unregulated asset managers - even dealing with "professionals" - do not do the overall industry any good and are an area that could lead to fraud or other mis-behavior.
Support	usage of the Code of Ethics and the Standards of CFA institute ? Why not..
Support	Well, this should be a clear "yes" for any CFA charterholder, shouldn't it?
Support	Who would be against this?
Support	Wow! Do let me know if anybody Opposes and writes a comment to supports it. ;-)
Support	Yes, education can be helpful at least to increase awareness of what one ought to do. There will still be enough black sheep prepared to put their interests above those of investors.
Support	you're joking? how can you answer differently?!
Oppose	caveat emptor should apply for professional investors. retail investors should not be allowed to buy such funds.
Oppose	Come on already! How does one mandate honesty? What a stupid question.
Oppose	err weren't they suppose to be doing that anyway?
Oppose	I don't believe that you can legally mandate this kind of thing and there's too much litigation anyway.
Oppose	I don't think you can regulate this.
Oppose	I oppose a mandatory one, because as a CFA charter holder I and some of my colleagues are already under these rules. Or then the mandatory requirements would have to be the same for all investment professionals. I don't think alternative investments and their managers should be singled out.
Oppose	Mandatory requirements sounds like another term for government bureaucracy and regulation which hurt, not help the functioning or efficiency of markets. Let the market decide!!!! I favor laws to prevent fraud but let the market sort out the rest.
Oppose	Not in connection with professional investors in these funds, because these funds should not be subject to regulation where the investors are professional (and hence deemed to be sophisticated and able to look after themselves).
Oppose	Really, I'd need to know what the requirements entail. Shouldn't everyone be willing to claim they'd adhere to the spirit of aspects like honesty, diligence and fairness?
Oppose	regulation has never protected anyone against anything. civil and criminal law is there to deal with fraud and misconduct. that should suffice.

Oppose	Sophisticated client base may not always benefit from prescriptive measures such as these.
Oppose	Support the following points: act honestly, care; to treat investors fairly; and to act in the best interests of investors.  But oppose: due skill and diligence. Since some HF managers perform due to momentum trades without clear trace on their decision making process.
Oppose	they should be treated as all other fund managers and according to already existing standards and rules
Oppose	This should be covered by the general contractual framework enforced by the gov. to treat investors "fairly" is the only point not covered by any contractual framework between a service provided and a consumer, probably because it is both arbitrary and difficult to enforce. Upto investors to ensure that they get a fair deal.
Oppose	This will create the false sense of safety regarding alternative investment funds. Obviously it should be felt as a moral obligation to act this way.
Oppose	This won't prevent fraud or incompetence
Oppose	This, and subsequent answers, refer to funds dealing only with Professional investors
Oppose	those with no honor in their hearts won't be bettered by rules. they will simply ignore them.
Oppose	You cannot mandate morals.
No opinion	alt. investment fund managers should be held to the same ethical standards as any other fund manager - no more, no less.
No opinion	depends on which investors (professional or retail)
No opinion	Depends who enforces the requirements. Lawyers of the SEC or FSA makes no sense. Investors should do their due diligence and vote with their money.
No opinion	I believe these requirements would be sensible to the extent fund managers market directly with retail investors but not for professional investors.
No opinion	I struggle with this one as 1) I am not in favour of mandatory requirment, but 2) managers should act with care etc...
No opinion	Integrity and diligence should be unquestioned priciples of a fund manager's behavior. I am skeptical about formal mandatory requirements.
No opinion	Support that as a general standard of care, but am wary about mandatory requirements (tickbox regulation) as opposed to regualtion by principles of standards of care.
No opinion	This should not be a mandatory requirement but should be a matter of course.
No opinion	very difficult to mandate honesty and skill - education doesn't imply skill..

### Q3 Comments

Disclosures to investors	Disclosures to regulators	Comments
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Alternative Fund must be more flexible compared to Non-Alternative and should be marketed to professional client which are able to make deeper analysis on these products compared to regulators. I would say that more info must be disclosed by Non-Alternative Funds since most of the time are sold as "safe" products and many times we saw misleading sales offer for these products
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	alternative investment funds are more exposed to confidential and sensitive information then public investment vehicles
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Depends on the size of the Fund. Some of the reg and reporting requirements of non-alternative funds can be prohibitive for small funds.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Disclosure allows others to copy the investment strategy, undermining the profitability. No skilled manager should be forced to share their proprietary efforts with the rest of the world. In a global world, money will flow to locations that let the markets sort things out rather than the regulator.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Disclosure level should be directly discussed with investors (limited partners) - some sections might be presented in more details and some not.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Disclosure should be proportionate. These are not the same as UCITS funds so less disclosure should be required but more than at present.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Hedge funds charge high fees for unique strategies and can't allow to have the investment portfolio disclosed
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	I think managers of alternative investments funds need to disclose more information that regular funds to clients in order to catch there interest. I do not think more regulation would be an improvement.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	I think that this should be a choice. Certain levels of disclosure should be required for certain regulatory thresholds. Investors will then get to choose just how much comfort they want from the disclosures. Some responsibility does have to be placed on investors. If they want t
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Investors should require transparency where appropriate.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	It all depends on the form of regulation. The indusry requires not just more regulation but more subtle regulation. But subtle regulation is oxymoron. So, introduction of more regulation will interfere with organized/formal investments in general will drive it to shade and even reduce it.

Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Non-alternative funds should also not be subject to mandatory disclosure.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Part of the value of a hedge fund comes from the fact that it has less disclosure. Its also very costly operationally and will be a cost to performance for investors. Hedge Funds are NOT mutual funds and some strategies would be arbitrated away if they were to disclose too much by traditional asset managers trying to follow the better hedge fund managers.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	Should not be completely opaque.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	that's the whole idea of private equity
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	The danger is that "one-size-fits-all" reporting is not relevant for many types of alternative fund, and the same level of disclosure does not actually help. The investor will have the power to determine the level of disclosure from a PE fund in the LP agreement.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	The drive for disclosures for alternative funds will be led by investors. This will result in more tailored products (eg MA's). This should not be mandated as a general rule is not suitable to the multiple types of strategy and fund, and the differing requirements of eligible sophisticated investors
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	The point is not more or less but different more effective disclosure. Disclosing appropriate statistical measures of risk can provide effective warnings to regulators and investors. This may appear to me less, but is more useful.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	To frequent disclosures are very costly and could reduce the growth potential for small firms.
Less disclosure than non-alternative funds	Less disclosure than non-alternative funds	We sell to very experienced professional investors. They are more than capable of looking after their own interests. Legislation is not required.
Less disclosure than non-alternative funds	More disclosure than non-alternative funds	disclosure to investors subject to "sensitivity" and confidentiality of investments (illiquid assets, merger arbitrage, stake buildup, short positions etc..). More disclosure to regulators due to potential higher risk profile and non linear risk profile (stress testing reporting should be emphasized)
Less disclosure than non-alternative funds	More disclosure than non-alternative funds	Too much disclosure would harm the investment strategy itself and thus lead to the extinction of this branch. Nevertheless, very detailed information could be give to regulators (cf. insurance industry - much more detail on strategy to regulator than to general public)
Less disclosure than non-alternative funds	The same disclosure as non-alternative funds	alternative investment try to profit from market anomalies. If strategy would be disclosed this would make these opportunities disappear.

Less disclosure than non-alternative funds	The same disclosure as non-alternative funds	Based on the 2008 crisis alternatives do not appear to pose a major regulatory problem, but it is still prudent to require a degree of regulatory oversight. As alternative investment contracts are struck between experts, disclosure to investors should be market driven. If investors shun managers who do not disclose then disclosure will increase. However I believe that in fact investors appreciate that for many strategies high disclosure does not generate the best returns, and they should be allowed to invest accordingly.
Less disclosure than non-alternative funds	The same disclosure as non-alternative funds	depending on the funds' strategy
Less disclosure than non-alternative funds	The same disclosure as non-alternative funds	Having said that, there is a real issue of regulators not being able to understand or manage the information.
Less disclosure than non-alternative funds	The same disclosure as non-alternative funds	it depends on the strategies as disclosing can undermine some investment strategies
Less disclosure than non-alternative funds	The same disclosure as non-alternative funds	nb the regulators couldnt cope with the same level of disclosure nor would it help them much in understanding risks. however there should be some form of non public disclosure. this should also include all market participants, prop desks, broker dealers, idb, dark pools etc.
Less disclosure than non-alternative funds		The same level of disclosure except for Short positions, which are at risk of short squeezes/stock recalls if made public.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	Any business model based on limited disclosure to investors and regulators is inherently dangerous and should not be allowed.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	As alternative fund are more levered, it is probably usefull to add a liquidity component in their control
More disclosure than non-alternative funds	More disclosure than non-alternative funds	Back to transparance and reliability
More disclosure than non-alternative funds	More disclosure than non-alternative funds	Defend their valuation methods since market prices can be stale or unavailable.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	different disclosures, but with great detail
More disclosure than non-alternative funds	More disclosure than non-alternative funds	due to higher complexity especially
More disclosure than non-alternative funds	More disclosure than non-alternative funds	especially regarding administration, valuation, risk management and compensation structures
More disclosure than non-alternative funds	More disclosure than non-alternative funds	I think a "living will" would be a good idea for AIFs. They have, typically, thinly traded positions. They should be made to think about fire sale liquidations.

More disclosure than non-alternative funds	More disclosure than non-alternative funds	If needed to properly assess the investment risks taken by AIFs, disclosure requirements should go beyond those of non-alternatives (for example particular risk characteristics of proprietary investment processes, no black boxes)
More disclosure than non-alternative funds	More disclosure than non-alternative funds	More disclosure to regulators and investors where risks associated with funds (due to gearing, etc) are greater; otherwise same level of disclosure.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	Risks taken by UCITS/retail funds are quite straightforward and relatively easy to describe. Alternative funds take more risks and more complicated risks, so more information is needed. If recipients need more information, then will get it. If somebody does not, then will not read.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	Since they're frequently investing in unlisted or non-public assets, there's no other way for investors or regulators to get information on these investments.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	Strategies followed are often more complex, so more disclosure is needed to allow investors to form a good opinion on a alternative fund.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	technically they should have to report more, however time lags or aggregations have to protect their interest
More disclosure than non-alternative funds	More disclosure than non-alternative funds	The intrinsic risk and complexity of alternative investments DEMANDS greater disclosure if investors are to make informed, intelligent decisions.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	the more complex the tools or strategies employed, the more disclosure should be required.
More disclosure than non-alternative funds	More disclosure than non-alternative funds	The riskier, the more relevant are disclosures
More disclosure than non-alternative funds	More disclosure than non-alternative funds	They should communicate their Total expense ratio and the bid/ask range of the over of the counter products they buy
More disclosure than non-alternative funds	More disclosure than non-alternative funds	To the extent that alternative strategies employ leverage, illiquid investments or other complications, then the disclosure should be corresponding more detailed than non-alternative funds.
More disclosure than non-alternative funds	No opinion	It is key for investors to understand what the manager is doing in terms of strategy and to be able to monitor that the manager is actually doing what is promised. If there a only professional investors involved there is less need for onorous disclosure to regulators.
More disclosure than non-alternative funds	The same disclosure as non-alternative funds	Different information requirements make this not so relevant
More disclosure than non-alternative funds	The same disclosure as non-alternative funds	Investors should be aware of the additional risks (e.g. less liquidity, leverage) of alternative investments

More disclosure than non-alternative funds	The same disclosure as non-alternative funds	<p>It will depend on the complexity of the funds/assets held by the funds. Investor must have enough information to make their opinion on the funds which may required more information than a money market funds.</p> <p>As the disclosure required is not the same in all conutries, I agree with this general concept : The more complex funds are, the more disclosure is required.</p> <p>There is no reason for regulators to have more information. Regulators should protect the public, but they should not substitute themself to the investors. Proper disclosure of strategy and risks will enable the investor to take enlightened decision.</p>
No opinion	No opinion	disclosure is good - not sure about disclosure required by law/regulation.
No opinion	No opinion	It should disclose as much information as the majority of the investors in that particular fund want to see disclosed. Which is absolutely independent from what other funds and types of funds disclose!
No opinion	The same disclosure as non-alternative funds	no requirements should be imposed on disclosure to investors. Upto the individual funds/managers to decide based on the client segment they want to acquire.
No opinion	The same disclosure as non-alternative funds	To Regulators yes. The point is to what extent should the disclosure be to keep its own strategy secret and to fulfill regulatoy requirements.
No opinion	The same disclosure as non-alternative funds	Well, I think a balance should be struck between the level of disclosure and the extent to which the business model employed by the AIF manager is proprietary and subject to being classified as a trade secret.
The same disclosure as non-alternative funds	Less disclosure than non-alternative funds	Disclosure must allow managers to keep their edge
The same disclosure as non-alternative funds	Less disclosure than non-alternative funds	Private companies have better potential to grow outside of public gaze
The same disclosure as non-alternative funds	Less disclosure than non-alternative funds	Some justification for permitting less than full disclosure of special strategies which would become inoperable if the approach was known publicly.
The same disclosure as non-alternative funds	Less disclosure than non-alternative funds	The distinction should be based on to whom the fund is marketed, rather than the type of fund.
The same disclosure as non-alternative funds	Less disclosure than non-alternative funds	yes on operations - like transparency on costs and fees. but no on activities such as holdings, this negatively impacts fund investments if put in the public domain.
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Alternative investment funds should display a similar level of disclosure. This, however, does not mean that they are making the same disclosures, but it can mean different disclosures (e.g. no disclosures of single short positions to investors).



The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Alternative Investment Funds should not be judged together, but a risk assessment should be made by the regulator to judge the risk to stake holders and the market. If it is higher than a more conventional fund, they should face more disclosure requirements.
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Complexity and conflicts better explained
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Disclosures to regulators should be higher than non-alternative funds because of the greater inherent and systemic risk of the hedge funds.
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Extra risks should be identified (eg leverage level)
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	If strategies are really proprietary / holdings illiquid, a time lag for disclosing holdings, trades etc. to investors could be useful - but not to regulators.
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	More disclosure to investors could lead to more volatile fund volume and it would make difficult to implement the strategies.  More disclosure to regulators would be appropriate in order to avoid situations like the current financial crisis.
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Regulator should get more info: influence could be much greater than sum invested would suggest.
The same disclosure as non-alternative funds	More disclosure than non-alternative funds	Short positions should be disclosed to regulators even when concealed from investors as "commercially sensitive"
The same disclosure as non-alternative funds	No opinion	Whilst I believe that the same broad level of disclosure as that required for investors would be appropriate, a number of the measures commonly disclosed for non-alternatives funds can be misleading when applied to alternatives funds and the specific disclosures will need to be developed in detail with alternatives in mind specifically.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	all funds should be very transparent. Probably there would be more information required of alternative funds because there are more aspects to include and consider.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Alternative investment funds already disclose much more to their investors than non-alternative ones. Because it is not public (free to everyone to access) it does not mean it is non-existing.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	alternative managers should be able to keep certain restrictions on holdings that are sensitive positions. They should be required to disclose them to a third party administrator and auditors.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Although the actual detail of the disclosure might be different leading to potentially more.

The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	At least the same disclosure as non-alternative funds taking into account the question of when to disclose what (as an investor relying on a specific strategy pursued by the alternative fund manager do you want the strategy or positions taken to be exposed publicly?)
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	But the disclosures must be useful, rather than just a waste of time box ticking exercise and the level of disclosure and method of disclosure depends on the type of investor involved.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Currently Alternative funds often disclose more than non alternative traditional funds
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	depending if they are marketed to retail investors - the same level, if only to professional investors- less disclosure
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Disclosing is fine as long as this doesn't mean disclosing to the market.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	disclosure is an issue between the investor and the manager. no need for regulation of disclosure.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Disclosure removes doubt and should only increase demand for product. The downside (for AI managers) is the fees would have to be reduced once regulators and investors discover that AI funds are really so much "better" than regular funds.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Disclosure to investors is not really the issue; investors are as greedy as managers are wily.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	For equality. The items that are disclosed might nevertheless be different.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	for private equity I would consider "less disclosure than non-alternative funds" appropriate, but hedge funds should give the same disclosure
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Full disclosure of all relevant risk factors and current exposures should be a requirement of all fiduciary bodies in asset management.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	I believe the reporting requirements for Alternative Investment Funds should be differentiated based on the scale of business and level of exposure to public / open markets similar to the differences in reporting requirements for SEC / non-SEC companies
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	I run a very transparent HF strategy and tell our investors what they want to know.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	I see no reason why requirements for Alternative Investments Funds should be harsher than for non-alternative funds. However, having said that, due to the nature for alternative investment funds, the current disclosure framework for non-alternative funds may need to be re-worked to cover the specifics of an alternative fund.

The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	If marketed to retail investors, disclosures should be comparable. If marketed purely to institutional investors, less disclosure required.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	If transparency is the key word, then they should be treated the same as non alternative funds, eventhough in some countries it may be view as burdensome. Also, there would stop the actual regulatory arbitrage that we already suffer in Europe, mainly in Spain, where regulation about disclosure and prohibitions are much more strict than in any other European countries
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	It depends what you mean by that. Often AI managers can't be more precise.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	It is very depending of the market exposure of the alternative fund. Disclosures may play against investors interests if it gives the opportunity to trade against the fund's positions.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	It seems fairest that disclosure for both should be the same.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	It's not an issue of more or less disclosure, rather of what schould be disclosed. Namely all relevant and potential conflict of interest.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Level playing field.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	More disclosures should be required with respect to investments that are not listed.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Must be no difference between them
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Need to have some exceptions, where concentration of portfolio and/or liquidity are major risk drivers of the portfolio.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	No more privileges
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Number of transactions is likely to be lower, reducing the administrative impact of the disclosure
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	On disclosure to regulators I think the same rules should apply for HF's as for UCITS. There is abs no reason to differ here. For all sorts of funds there is Caveat Emptor when dealing with Inst Inv. The agreement between buyer and seller may by all means be one of secrecy.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Only for funds marketed to retail investors

The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	operations and activities must be clear and understandable for investors and regulators, investment positions and trades are often part of a hedge fund's secrets or intellectual property
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Regulatory arbitrage should be prevented. When one set of investors give themselves a unique name more for marketing rather than substance with different regulatory requirements results in an unfair advantage given when the objective is in essence the same, which is to provide a risk-adjusted rate of return for investors above the cost of capital of those funds.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Same as other strategies, unless proven to regulators that disclosure could comprise the fund's strategic advantage in the market.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	same level for all
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Same standards should apply
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	Some funds that deal in less liquid securities may have legitimate reason to want to prevent others from discovering the contents of their portfolios, especially if such discovery were to move the markets against them and their investors.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	the boundaries are increasingly blurred so the disclosure should be the same
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	The difference between alternative and non-alternative funds is going to decrease
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	The difficulty in drawing a reasonable or easily applicable line between 'alternative' and 'non-alternative' funds is such that the disclosure regime should simply be widely applied.
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	There is no reason today to consider/treat alternative strategies differently, both converge and should be transparent enough on their activities
The same disclosure as non-alternative funds	The same disclosure as non-alternative funds	We should have a level-playing field

Q4 Comments

<p><b>Agree or disagree: Regulatory authorities should have the capacity to set limits on the levels of leverage employed by Alternative Investment Fund Managers in the funds they manage.</b></p>	<p><b>Comments</b></p>
<p>Agree</p>	<p>Agree if their size (together) can cause market wide shocks. If there is no wider community impact from their activities, then I'm happy for them to take on the level of risk they like as long as investors know what is happening and understand the risks.</p>
<p>Agree</p>	<p>Agree, although the way in which this is executed necessarily must be more nuanced than a simple limit, and must be applied on a case-by-case basis. This argues for increased resources for regulatory authorities, which should be an obvious outcome of the recent financial crises in any case.</p>
<p>Agree</p>	<p>Agree, but these powers should have limits. If it is judged that the fund's leverage levels are likely to put at risk the orderly functioning of the market, it should be limited. If it is only a risk to the manager and its investors, limits are unnecessary.</p>
<p>Agree</p>	<p>although difficult to implement ; leverage is in my opinion the biggest source of conflicts of interest between the manager and the investor; it would therefore be helpful if authorities could provide a standard definition of leverage. The limit on leverage could be agreed between investors and fund managers.</p>
<p>Agree</p>	<p>And these should be set low and appropriate to defined strategies set by a qualified industry panel appointed by regulators with sub committees for each strategy i.e. 125% for equity hedge funds.</p>
<p>Agree</p>	<p>as long as these levels are realistic</p>
<p>Agree</p>	<p>avoid uncontrolled excesses</p>
<p>Agree</p>	<p>Banks and other counterparties seem incapable of being sensible.</p>
<p>Agree</p>	<p>but linked to liquidity, outstanding amount of vehicle or asset</p>
<p>Agree</p>	<p>Else, client would be better of having fun playing at a casino. Regulatory authorities should have a practice in the field of Alternative Investment Fund to fully grasp the where about - + thrill + junk and be the honest guy to protect the industry from (the too many) incompetent and dishonest jerks.</p>
<p>Agree</p>	<p>Especially for soft commodities like rice, corn, soya and wheat. Speculation on higher prices leads to food-inflation especially unethical for poor people.</p>
<p>Agree</p>	<p>Excessive leverage in a large fund can imperil the entire industry (recall LTCM).</p>
<p>Agree</p>	<p>For products being marketed to retail markets, yes. For funds marketed to UHNW / institutional, etc., no. As long as the investor is aware of what they are getting into and it is disclosed then there should be no reason for a limit.</p>

Agree	However limits should be high, maybe 10x, and aimed at preventing an LTCM-like meltdown. Banks seem to have been allowed 150x leverage, vastly too high. However below this backstop, leverage limits should be market driven.
Agree	However, they should reasonable, i.e. fine tuned per strategy.
Agree	I agree, to the extent that systematic risk can be enhanced through limits imposed on leverage at the micro/enterprise/fund level.
Agree	I believe it has to be for retail funds
Agree	I would definitely separate private equity and hedge funds here.
Agree	Ideally, leverage would be limited by, and disclosed to, the underlying investors because it is an important part of assessing the risk of investing in a fund.
Agree	If there is potential to default on obligations that exceed the investors funds then an alternative fund becomes a systemic risk (quasi bank) that needs prudential regulation.
Agree	Investors can create leverage themselves and should not rely upon their investment vehicles to do so.
Agree	Leverage is key but the purpose of disclosures & limits are also to let AIFMgers to express their skills... should not be unique...
Agree	Leverage is the main factor for this actual mess
Agree	Leverage is the most relevant topic in order to control systemic risk. It should be limited and regulated by authorities.
Agree	Limits on leverage, also intraday, should be set.
Agree	Limits shouldn't be too tight
Agree	may combined with an VAR approach
Agree	Not a hard limit, but perhaps a stress test based limit.
Agree	One of the main causes of 2008-2007 meltdown was that regulators missed the huge amount of leverage in SIVs, and SIV lites
Agree	Only for funds marketed to retail investors
Agree	Only for hedge funds/hedge fund managers.
Agree	only if retail investors are involved or costs for the public due to defaults may exist
Agree	Only to limit risk, not to hedge his lack of knowledge not allowing to do anything.
Agree	Only works if this is enforced globally.
Agree	Or more importantly absolute levels of leverage employed. If a small fund goes belly up: who cares? If a large fund goes belly up...
Agree	Particularly if they market to retail investors
Agree	Performance should not be the result of a low-expected-performance trade multiplied by leverage, this is the biggest mistake of "modern/alternative strategies". Leverage should simply not be authorized, except to manage temporary cash flows (i.e. like 5% or 10% leverage in traditional structures). Again, leverage is a tool to help manage a fund structure smoothly, not a tool to create performance
Agree	Someone has to pick up the tab for losses if the Hedge Fund puts \$10bn of borrowed money on the roulette wheel

Agree	Such detail should be clearly indicated in the literature ; as well as detail of counterparty risk exposures.
Agree	Technically, they shouldn't. The brokerage firms should be putting those limits themselves since a failure would be detrimental to their business. However, as we have witnessed in the past, the investment banks are not doing so diligently so some sort of regulation could apply. However, it should only be for HUGE positions (like LTCM had). The problems are typically never the hedge fund but the brokers allowing the risk of such funds to grow very large.
Agree	the higher the AUM of fund, the lower the leverage
Agree	The limit should be reasonable, not to completely limit alternative investments, however, should prevent excess risk taking.
Agree	There is need for a clear industry-wide definition of leverage and a distinction between different strategies and sources of leverage.
Agree	They set a limit for retail investors ... why not for professionals?
Agree	this is already the case under several jurisdictions (Luxembourg, Ireland, France) for alternative funds
Agree	This is not the same as saying they should always impose a limit - just that they can do so if they are concerned that risk is being increased to a level that investors in the fund did not sign up to, or as part of action to curb systemic risk caused by herding.
Agree	this leverage should be decided in conjuncture with the alternatives industry, not imposed
Agree	to a point. limits should not be a one-size-fits-all thing
Agree	Too many cowboys (or worse)
Agree	What is leverage? Delta? Gamma? Vega? Other risks?
Agree	which would require a sufficient level of expertise within regulators -> pay levels today insufficient to attract the best talents
Disagree	...but disclosure is essential!
Disagree	1 result would be regulatory arbitrage - leading to less regulatory oversight - not more 2 systemic weakness is about aggregate leverage in the system. fund-specific leverage should remain an issue between the investors & the lenders
Disagree	A fund leverage is a function of its creditors / investors appetite and hence is self governed by the perception of both investors / creditors in the ability of the fund to professionally manage and deliver back on the leverage.
Disagree	Absolutely not. Many hedge funds without leverage carry more risk than those using leverage. it is very difficult to assess which leverage is bad and which is not. this is up to the investors to monitor and decide.
Disagree	Agree when marketed to retail investors
Disagree	Alternative Investment Managers were not a main contributor to this crisis. I don't see the aim of this leverage limit, as they are not bailed out by the state. If they want to leverage themselves up, let them do it.
Disagree	An absolute limit sounds irrelevant, relative limits due to the size, the market volatility etc... why not. I would suggest proportional reserve based on the leverage
Disagree	An issue for the managers and their investors.

Disagree	As long as the investor has full understanding of the strategy in which he is invested then the investment strategy should not be restricted by authorities.
Disagree	As long as the max level employed is clear to investors, then no need to have an overall limit.
Disagree	As long as the risk is disclosed, investors should have the choice.
Disagree	At the outset, an AIF Manager should be free to determine the (maximum) level of leverage (or a leverage band) for a specific AIF on offer. However, the Manager should be required to stick to the risk parameters chosen initially throughout the lifetime of that fund (unless a majority of investors agree to change the terms). The leverage concept used should be clearly defined (and changes be notified in advance). The level of leverage employed should be reported on a regular basis. All this should help to separate AIFs into different risk classes and enhance our understanding about the risk characteristics of the AIF population. The main goal should be to improve transparency and perhaps to prevent AIF managers from moving the goalposts, not to limit the choice of risky assets.
Disagree	Authorities should regulate banks properly. If banks were regulated properly we would not have had these problems. If they cannot even regulate what they are supposed to, how can we expect them to regulate hedge funds? Banks and bank regulators should be careful about lending to hedge funds. That would be an indirect way to regulate hedge funds.
Disagree	Bankers should worry to whom they lend and at what D/E ratios. They have to go back to their books first. Naturally ridiculous degree of leverage would not be possible at cost of funds maintained at Greenspan's time. Bernanke has to choose in this regard, so give it a time there will be more overleveraged collapses in the industry. We are at the beginning of new bubble.
Disagree	Banks should be limited to a leverage ratio of 1:5 so any systemic risk would be held in check by market forces. Off balance sheet vehicles should be forbidden completely.
Disagree	But leverage has to be disclosed and audited.
Disagree	But leverage levels should be clearly explained to investors
Disagree	But managers should clearly and timely disclose levels of leverage.
Disagree	but should address investors to accept only a certain level of leverage
Disagree	Caveat Emptor
Disagree	Caveat emptor. Limit not the leverage but the overall exposure so as not to create too-big-to-fail situations à la LTCM.
Disagree	could be part of the investment strategy and hence investors should be fully informed and be able to make a qualified decision
Disagree	Dependent on the underlying asset/strategy, different amount of leverage could be appropriate. Also, not all funds or investors have the same requirements in terms of risks. If a fund markets itself as high-risk, it should be able to use the amount of leverage it wants.
Disagree	Depends on the investment strategy employed by the manager. If the strategy calls for a highly leveraged portfolio and is in line with the offering docs, this should be acceptable, even to the regulators.
Disagree	Disagree as this would require the regulator to set the right amount of leverage rather than the market.
Disagree	disclosure and risk-adjusted pricing should do the work
Disagree	disclosure is key not mandatory limits



Disagree	Disclosure rather than limits
Disagree	Each case needs to be considered on its own merits. Not possible to generalise.
Disagree	Each fund has a unique set of risk management and investment techniques. Setting limits effectively delegates the risk management function to the regulator.
Disagree	either that is limited by law or not. the authorities should not manage the funds. However they could create a general regulation for solvency and liquidity in dependence of the risks as for banks (or better).
Disagree	Financing should be done by banks in function of the risk. Banks may be regulated which indirectly impact Alternative Investments.
Disagree	Firstly, it is very hard to define leverage. Secondly, even when defined, in a diversified portfolio different leverage trades have different risk characteristics. Thirdly, investors in equities also run the risk of their investment going to zero.
Disagree	Full disclosure on leverage level
Disagree	fuller and more direct disclosure may be more appropriate. accredited investor rules already protect less-sophisticated retail investors. Institutional investors should be allowed to choose what leverage they prefer. This is a dangerous and unnecessary precedent.
Disagree	Funds who use leverage in excess of their risk management capacity or outside their investors mandate will go out of business. Let them!
Disagree	How to define appropriate limits while ensuring the alternative strategies are not rendered impossible to achieve by the set limits?
Disagree	I believe it is inappropriate for this to be controlled by anyone other than those taking on the credit risk. In addition, limiting leverage may give a "false sense of security" and lead to rubber-stamp approval for lenders relying on regulators to do their job for them in assessing the appropriate leverage level which could be dangerous.
Disagree	I believe that the manager should set limits and communicate them to investors (i.e. let flexibility to make informed choice).
Disagree	I disagree with two exceptions: If the ultimate investors are banks or other systemically important institutions, I would agree. Secondly, the nominal exposure should not make the vehicle systemically important itself.
Disagree	i do not think limits are efficient but the transparency is more important with a common way of computing the leverage, and to have this information more in a more timely fashion
Disagree	I do think that regulatory authorities should not substitute prudence on the side of an investor. It is primary responsibility of the investor to determine how much leverage he or she is willing to bear.
Disagree	I doubt regulators could set appropriate leverage better than the market
Disagree	I would rather prefer rules for disclosure and reporting of leverage levels.
Disagree	If it was done intelligently yes, but it is going to be one rule for every one.
Disagree	If leverage is disclosed to investors, then investors can choose themselves.
Disagree	If the manager is clear to investors on his mandate and the degree of leverage employed and all funding providers receive appropriate disclosure then it is not the regulator's place to limit leverage.

Disagree	In Retail market: Yes In institutional market: No
Disagree	In some strategies is it difficult to define leverage. If there will be limits, it should be decided case by case instead of using "one level fits all" approach because there are so many different type of alternative funds and strategies.
Disagree	Insufficient understanding, sophistication and flexibility to do a responsible and reasonable job.
Disagree	Investor discretion needs to be retained.
Disagree	investors should not buy what they do not understand. if the manager wants to use extremely high leverage, then they will need a broker to lever up with, and so its the brokers responsibility to manage their own exposures. Make more personal liability on the manager and see how much they lever up then.
Disagree	Investors should set limits to the kind of leverage they support on their investments.
Disagree	Investors that are professionals should agree with Managers about limits
Disagree	It should be disclosed in the fund specification and investors made aware
Disagree	It should be disclosed with a health warning but not controlled. This is capitalism!
Disagree	It should be done thru timely disclosure requirement. Treat retail separately.
Disagree	It should be in the prospectus as monitored by the trustees custodians auditors
Disagree	It should depend on the experience of the investor. Normal private investors (inexperienced) should get a higher level of protection (less risk and/or better advisory).
Disagree	its difficult to determine the leverage of some strategies.
Disagree	It's for market participants to define and implement their investment strategies, and not for regulators to interfere with this important mechanism which guarantees a free market.
Disagree	Last time I looked, banks were highly regulated. Their ability to circumvent the capital ratio requirements is what got them into trouble. Do authorities even have the expertise to monitor leverage? The SEC employs lawyers not financial engineers.
Disagree	let the market decide, we do not need Orwell world, or direction where US is heading
Disagree	leverage depends on many variables, primarily market conditions.... but a full initial disclosure of the sources of risks (included liquidity) and leverage (setting limits at initial!) should be mandatory
Disagree	Leverage in the alternative funds did not cause the crisis
Disagree	Leverage is a private affair between the fund, its investors and its banks. However regulators may want to regulate banks' exposures more closely.
Disagree	Leverage is a tricky concept and it is unlikely that regulators would be able to set appropriate levels.
Disagree	Leverage is not the main risk element. therefore the focus on leverage alone is a bit too simplistic
Disagree	leverage is the investor's choice
Disagree	Leverage limits should be applied to financial institutions, not on products.
Disagree	leverage limits should be based on volatility and tail risk of underlying assets. Too complicated for regulator.
Disagree	Leverage needed is a function of the strategy used and therefore can not be set for a specific category.

Disagree	Leverage provided to alternative funds should be limited by imposing higher capital requirements for the loans on the providers of that leverage, assuming they are regulated financial institutions.
Disagree	Leverage should be disclosed. Performance tables should be constructed in leverage bands.
Disagree	leverage should be in correlation with the product
Disagree	Leverage should be made transparent to the prospect.
Disagree	Leverage should not be limited but monitored by regulations that it is in the manager's stated (prospecuts) max leverage
Disagree	Limits on leverage are already set in the PPMs of funds. The focus should be on checking adherence to those limits
Disagree	limits on the levels of leverage employed by Alternative Investment Fund Managers should be described in fund's regulations and strategy delivered to investors
Disagree	Limits the number of available strategies
Disagree	limits to leverage provided by banks make more sense
Disagree	Managers should provide full disclosure of their leverage levels.
Disagree	market discipline will take care of leverage.
Disagree	market should decide this. If a highly leverage product is wanted why not provide it.I think it is all about regular reporting, risk disclosre and proper explanation
Disagree	Maximum leveredge should be stated by the prospect and regulators should check the actual level with the stated one
Disagree	Much of the debate around "alternatives" is misplaced, as is much of the assumption about how much "regulation" regulation should involve. If professional investors are involved, regulation should require disclosure and accountability, but stop there - no interference in investment policy for example
Disagree	No hedge fund has or ever will be bailed out by taxpayers or the state. The level of leverage should, perhaps, be disclosed but not necessarily constrained.
Disagree	No limits are necessary as long as the level is transparent to investors.
Disagree	No this is not appropriate.
Disagree	None of their business
Disagree	One needs to distinguish between hedge funds and private equity. Hedge fund vehicles typically operate via prime brokers, who does (and is incentivized to monitor leverage (gross exposure). So no need for regulation. On the private equity side, the case is less clear-cut. Do you ultimately want to set a limit for the EV/EBITDA multiples being paid in relation to deals? You can argue that this is appropriate in cases where the size of deals risk opening an element of systemic risk. However a more equitable and effective solution would be to roll back the tax-deductibility of interest payments (on a global scale to avoid 'tax arbitrage')as well as imposing some form of regulation on loan securitization (banks need to leave some skin in the game such that incentives are aligned).
Disagree	Parties are free to invest or not invest in a fund with certain characteristics. restrictions can be negotiated with the manager
Disagree	Perhaps additional disclosures should be made to investors for such strategies.
Disagree	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.

Disagree	Professional investors in these funds are best placed to control their risks.
Disagree	Professional investors should be able to understand what is going on in a fund and decide if they like it or not
Disagree	Proper prospectus disclosure and a requirement for a risk management plan as per UCITS should suffice
Disagree	Provided leverage levels are disclosed to regulators and investors, then funds should be able to decide themselves.
Disagree	Regulatory authorities may not have the skills to properly assess. If the investors are sophisticated, they should impose the restrictions. If retail investors, then the regulator should step in.
Disagree	Regulated prime brokers should have these requirements in aggregate, not the funds themselves. Investors can decide which funds they like or don't like, but based on more disclosure to them.
Disagree	Regulation should attach to the level of risk not to the level of leverage.
Disagree	Regulation should focus on risk and capital adequacy not how it is achieved. The "how" should be left to managers so they can align it to strategy, style ...
Disagree	Regulators are less likely to understand the impact of leverage on this business. It would be prudent to leave this decision to the fund manager. Perhaps the fund should be obliged to substantiate a leverage level that is very high to the authorities, and be required to report it to investors too. This will naturally put a ceiling on leverage and at the very least highlight it when it is excessive.
Disagree	Regulators should create framework not impact/limit investment strategies
Disagree	Regulators should not limit the investment strategies - as long as managers disclose their limits and stay within them, it is buyer beware
Disagree	Regulators should regulate the lenders
Disagree	Regulators should supervise properly the institutions providing credit to Alternative Investment fund managers.
Disagree	Regulatory authorities should have and use this 'capacity' over the entire banking system.
Disagree	Regulatory authorities should not be able to set leverage limits. However, they should require that leverage limits (as measured by regulator-defined methodology) are: (a) fully disclosed on a regular basis, and (b) reported immediately when they exceed regulator-defined thresholds).
Disagree	Role of regulators to enforce reporting of economic risks investors will be exposed to. Safeguards will not help investors as current derivative disclosure rules mean economic risks can be vastly understated relative to actual risks inherent in positions taken. Limitations on leverage only make sense once proper economic risks undertaken are correctly reported. Regulators will never prevent fraudulent activities or excessive risks by fiduciaries, up to investors to assess risks and regulators to ensure economic reality is properly assessable by investors. Legislating against leverage will not solve problems, only cause managers to find a way around the regulations. Better to let investors decide what risks they are ok with and keep responsibility of regulators to issues they should be capable of doing well. Possible case for limitations on banks, etc. But only works if derivative positions much better understood and reported on. Not even banks understand these properly, so no hope for regulators.
Disagree	Self regulation should be adopted
Disagree	Should be disclosed, but caveat emptor if the fund blows up.
Disagree	should be managed by leverage providers with an economic interest.

Disagree	Should be subject to prospectus.
Disagree	should be the investor's choice.
Disagree	So long as it is honestly disclosed, the market should determine what leverage is able.
Disagree	strongly disagree
Disagree	Structured products would be used to camouflage leverage no matter how it is defined, therefore this regulation would only impose costs without benefits.
Disagree	Such a capacity would likely make markets less stable, as regulators demanded less leverage in response to a shock and therefore triggered forced selling into weak markets.
Disagree	That must be addressed by the bank providing the leverage. Regulators should monitor the risk/leverage at the banking level.
Disagree	the amount of leverage is not indefinite, it is based on the capacity and willingness of the banks to provide it. It is almost self-regulating. In this environment IBs have learnt a lot about allocation and the importance of regular review of credit lines - especially with alternative investment vehicles.
Disagree	The banks failed not hedge funds. This regulatory response is purely a political gambit to appease France and Germany.
Disagree	The capacity to limit leverage should lie with the fund investors via investment policy, not regulator.
Disagree	The correct leverage should be determined by the providers of capital
Disagree	the degree of leverage and its impact on risk should be disclosed in fund documents
Disagree	The experience I have after running a market neutral hedge fund for years (and not being able by the regulators to leverage positions with limited downside risk). Perhaps the regulators are wiser in another country?
Disagree	The fund manager should set the limits and ensure that the investor is aware of limits prior to entry into the fund. It should have nothing to do with regulation.
Disagree	The funds should set the limits themselves as long as it is properly disclosed.
Disagree	The funds should set the limits, and disclose those limits to their investors. Disclosure is what is important, to the regulatory authorities, investors and the marketplace. In return, the authorities should not be required to bail out any of these funds, which are different from banks that are more systemic in nature.
Disagree	The level of leverage should be disclosed to both regulators and investors, in real time.
Disagree	The level of leverage should be totally transparent to the investors. The investors should decide if their risk appetite allows the applied level of leverage.
Disagree	the limit should be clearly stated to potential investors
Disagree	The limits should be imposed on banks (who have government guarantees and special charters) but if other parties want to give leverage, let them.
Disagree	The market should manage this.
Disagree	the provider of leverage should make his own calculations; regulations should focus on those!
Disagree	The regulators have no business involved in setting investment policy. This is a commercial decision among the fund, its investors and the providers of credit to the fund.

Disagree	The should neither set limits on leverage, nor save insolvent funds (or banks of course) once they get in trouble because of exactly that.
Disagree	There are large differences between different alternative investment strategies esp if one includes real estate, private equity
Disagree	There should be general rules and principles but the implementation should not hamper the economic efficiency leverage might have
Disagree	There would be arbitrage of those regulations
Disagree	These funds do not in general pose systematic risk. I may agree at very large fund size, (>10bn USD) but not in general
Disagree	They should regulate hedge funds that pose a systemic risk.
Disagree	They should regulate the banks who give them the leverage.
Disagree	this information should be part of the fund description
Disagree	This is not practicle to manage. The leverage on a 3m basis swap will be much larger than a 30yr interest-rate swap but not any more risky.
Disagree	this limit should be stated in the fund's prospectus
Disagree	This might create forced selling and less well functioning markets
Disagree	This should be a matter for the manager, its clients and its prime brokers.
Disagree	this should be bound by the scope of the investment memorandum which should mandate manager penalties for breaches
Disagree	this should be disclosed and understood and thus accepted by the target investors.
Disagree	This should not be subject to regulation but the levels should be fully disclosed.
Disagree	Very strongly disagree.
Disagree	Where is the "strongly disagree" box?
Disagree	Whether a particular level of leverage in a transaction is too high/excessive depends on the type business (and its robustness) the company operates in; standard leverage limits don't seem appropriate in this context.
Disagree	Whilst monitoring may be required interference in investing is not the domain of regulators. Instead, by focusing on the providers of leverage they should be able to execute more effective control.
Disagree	With proper disclosure, this is not necessary - investors shall (hopefully) be in the position to decide if they want to be invested or not.
Disagree	Would destroy the value added these funds deliver and would only force them to operate out of less regulated countries
No opinion	all depends on the levels of the limits... the size of the leverage is only one part of the risk in leverage, the underlying instrument has also to be monitored.
No opinion	Caveat emptor
No opinion	depends entirely on the type of investment strategy

No opinion	I am not sure that limitations per se is a good solution. Transparency is key here. If banks & other creditors want to loose their money, fine. Important is that they are aware of the real risks involved. Banks on the other hand, most people agree are central to the fin system and thus have an implicit state guarantee (or at least the capacity to put dents directly in the taxpayers money). Here regulation of that type makes sense. Transparency in the funds help regulators see the risk in the balance sheets of banks who finance them.
No opinion	Limits on leverage over alternative investment funds should be placed only if it is considered that the industry may me so large that may post a systemic risk. No limit should be post to protect investors, if they invest in this funds they should know the risk implied in these funds and retail investors should not be pertmitted to invest directly in these funds.
No opinion	Regulatory authorities are usually lawyers, few of whom actually understand how to measure leverage in a meaningful way. If left to their own devices they are likely to develop rules that infringe upon legitimate business activities. Leverage limits would have to be done carefully and in a strategy specific manner that takes into account correlation between assets and the liquidity of the underlying investments.

<b>Agree or Disagree: Regulatory authorities should have the ability to place limits on the extent of short-selling activity carried out by Alternative Investment Fund Managers.</b>	<b>Comments</b>
Agree	as above
Agree	But it should be considered in a portfolio context too.
Agree	but linked to liquidity, outstanding amount of vehicle or asset
Agree	But only in limited exceptional special circumstances and not as a general rule.
Agree	Can otherwise distort markets
Agree	especially in volatile markets (volatility above 50)
Agree	I am against short selling in any circumstance. If you would like to bet on price falls then there are other instruments that are available. It is not in the markets interest to allow short selling.
Agree	I belive it has to be for retail funds
Agree	Idem than above
Agree	Limits in the sense that each short-selling transaction should be supported by a clear and documented short-selling investment case.
Agree	limits on short selling in general
Agree	Limits shouldn't be too tight
Agree	Naked short should not be authorized, today some quoted companies have more shares traded/owned than authorized!!! This is nonsense and dangerous.
Agree	Only to avoid manipulation and to avoid unjust threats to the going concern of a business.

Agree	only via general regulation, not case by case.
Agree	Only when warranted by systemic situations
Agree	Prohibit naked-short.
Agree	Reasonable approach preventing collusion behaviour to distort the market
Agree	Same as above
Agree	see above
Agree	See above. Yes for retail, no for others.
Agree	short selling activity should be regulated as potentially toxic...
Agree	Short selling is particularly prone to fraud such as bear raiding, false rumors and other such activities. The failure of a firm with a massive short can unfairly impact others in the markets.
Agree	Short selling should only be possible if the shares can be borrowed. Naked short-selling should be prohibited. Other issues such as uptick rule short selling are also worthy of consideration.
Agree	Short-selling can distort the market price of shares (the supply-demand curve is first-year Economics)
Agree	Short-selling has proven to hamper the economic process and should be limited in some circumstances (sectors, periods of financial distress)
Agree	Should have the ability if special situation arise, otherwise not.
Agree	Should have the ability is conditional and that's ok. We do not want over-regulation, so the wording is crucial.
Agree	Surely limits already exist in the form of capital requirements for proprietary trading to ensure that positions can be covered?
Agree	The same considerations expressed about leverage apply to short selling.
Agree	These could be set by a qualified industry panel appointed by regulators.
Agree	they should be subject to the same limits as others - i.e. often set by the Exchange
Agree	To curtail market abuse only
Agree	to the extent of naked shorts
Agree	Very easy to work around those limits with new/other products
Agree	which would require a sufficient level of expertise within regulators -> pay levels today insufficient to attract the best talents
Disagree	Absolute nonsense. This can prevent proper functioning of the market. Shorting is as valid an activity as longs....Do regulators do much about over-hyped stock recommendations on the long side?
Disagree	again disclosure is key
Disagree	again, investors should choose.
Disagree	Again, it's a private affair. However more disclosure and higher margin requirements could be warranted.



Disagree	again, margin calls and mkt repo rates, as well as a number of examples where hedge funds have been painfully squeezed out of their short plays are demonstrations of a certain degree of self regulation. Worth remembering at the start of 2008 - short covers were the only bid in many areas - where would the floor have been without them? (hypothetical question - very open to feedback on this)
Disagree	As a former hedge fund risk manager I note that there has been no research to substantiate the claim touted by the media that short-selling is harmful. The media has yet to operationalize this criticism, ie. show how it would be done. While 'cornering the market' in smaller securities might appear easier, one still needs to borrow the shares (smaller, rare securities typically have higher borrowing costs) and find a market clearing rate to execute the transaction (if you're shorting what's already going down, chances are that you're going to have to accept a low clearing price on your sell, which serves as the basis for return calculation).
Disagree	As above
Disagree	as above
Disagree	as above, market is smarter than government officials
Disagree	As long as "naked short selling" is banned and the uptick rule is reinstated.
Disagree	As long as it is within the guidelines approved limits
Disagree	As long as the authorities do not have the ability to place limits on buying activity, they shouldn't be able to have the authority to place limits on short-selling.
Disagree	As long as they can borrow the shares before selling them, I don't believe in any limits on short selling, any more than limits on buying.
Disagree	Banning short selling distorts free markets.
Disagree	But leverage has to be disclosed and audited.
Disagree	But regulators should be able to place restrictions on naked shorting
Disagree	Certain precaution should be taken in abnormal market conditions
Disagree	could be part of the investment strategy and hence investors should be fully informed and be able to make a qualified decision
Disagree	Covered shorting is a legitimate activity.
Disagree	Disagree. Such regulation should be implemented on the exchanges, not also on the funds.
Disagree	disclosure and risk-adjusted pricing should do the work
Disagree	Disclosure is the key rather than imposed limits.
Disagree	Disclosure rather than limits
Disagree	Except to the extent it applies to the whole market.
Disagree	Full disclosure on leverage level
Disagree	HF should be able to exploit ALL pricing anomalies

Disagree	How is short selling different from long buying? If too much is sold, borrowing costs will go up and naturally limit selling capacity.
Disagree	How to define appropriate limits while ensuring the alternative strategies are not rendered impossible to achieve by the set limits?
Disagree	how would they know what's the right limit?
Disagree	however should be limited to stock borrow.
Disagree	I believe this would worsen market efficiency. When they put limits on short-selling on banks during the current crisis it did not stop bank's shares dropping.
Disagree	I do not believe that short-selling should be restricted or that it was - in general - a proximate cause of the last two year's market turmoil.
Disagree	I have always been puzzled by the ban on short selling, and I disagree with it fundamentally. If people are willing to lend assets for delivery, then the people lending out the assets should expect that shortselling can occur. If they do not want their assets to be sold short, they should not lend them out. Shortening delivery periods may also assist in stopping rogue tactics as would increased penalties for non-delivery.
Disagree	I strongly disapprove of arbitrary application of such a blanket mandate as was done last fall. Either short selling is allowed (which I support) or not. Those rules must be stable.
Disagree	I would strongly advocate making naked shorting illegal. However I have yet to see any good research which shows shorting causes anything other than price discovery. Again this politically motivated and based on some very muddled thinking.
Disagree	idem
Disagree	If it was done intelligently yes, but it is going to be one rule for every one.
Disagree	In my opinion, proper market dynamics means that active market participants together determine the fair value of securities. When a company is not viable, fund managers should be able to short it as leveraged as they are entitled to go long. However, limitations should be set to the leverage ratio, e.g. 4-to-1
Disagree	In order to avoid squeeze, I agree. In others cases I disagree
Disagree	Insufficient understanding, sophistication and flexibility to do a responsible and reasonable job. Regulatory authorities have failed the investor more times than alternative fund managers and would remain a weak link.
Disagree	Investor discretion needs to be retained.
Disagree	It has always been proven that short selling is helping market efficiency. The short ban has not at all prevented the market meltdown. There is no point in limiting short selling. The broker can do so if it feels that the capital to support them is not sufficient and that should be enough. No one talks about the massive market rebounds due to the short covering, helping the long-only funds... Interestingly, the markets had the same violent sell-off in the past when short selling wasn't as widespread!

Disagree	It has not been proven that short selling has a negative effect on markets, rather it improves the liquidity in the markets.
Disagree	It is stupid to blame the short selling of all the problems-
Disagree	it was not short selling that got us into a mess!
Disagree	It won't help, as you always get a away to construct a short position. This is a "fake" limit.
Disagree	Leveraged long positions are a risk to the system, never short positions. Furthermore, when you think about this crisis, managers who hold short positions should be given some form of "credit" or "bonus" since they mitigate systemic risk.
Disagree	Long/short should be promoted. Excessive leverage (implicitly very long) was (and remains) the problem.
Disagree	market abuse rules should be sufficient
Disagree	market discipline will take care of optimal use of short selling, which is typically a *defensive* strategy.
Disagree	Markets require difference of opinions in order to maintain fair pricing. Short-selling limitations should be accompanied with buying limitations.
Disagree	Maybe not so much limits, as rules (like the uptick rule).
Disagree	Naked short-selling should not be allowed, but there should be no limits on regular short-selling.
Disagree	No evidence has been offered for this.
Disagree	no limits, but disclosures should be mandatory.
Disagree	no specific rule for alternative investment fund managers; either the whole market or not at all
Disagree	Non Naked short selling is a natural function of the market. Regulatory authorities should not intervene on this point; especially when they gave political motives.
Disagree	None of their business
Disagree	Nothing to do with regulators. hands off
Disagree	Oh yeah, like that will solve everything.
Disagree	Once again, let the investment community itself decide how it manages and implements its investment strategy. Do not pervert the market by limiting short-selling, that only causes a distortion to the market mechanism, and once the restriction is lifted, could lead to sharp swings in some share prices.
Disagree	only bias
Disagree	Only if functioning of markets is not provided (also in cases of market distorting/illegal activities).
Disagree	Only in exceptional circumstances are limits to be imposed. Not as a general rule. We need short sellers for an efficient market. Could do with more transparency on the short selling though.
Disagree	only is some cases where short selling becomes too big relative to market cap
Disagree	Only naked short-selling should be forbidden. Borrowed shares shall be available for short-selling of course.

Disagree	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
Disagree	Regulating how short selling is conducted is fine (i.e. no naked shorting and no unlimited buying of CDS for instance) but limiting the actual amount of short selling would be hard to do. The risk is that if authorities in one nation or a group of nations were to undertake such limits that they would force funds with legitimate strategies that did not meet the requirements to leave for other jurisdictions. Moreover, how would one come up with a blanket set of regulations that would make sense for different alternative investments styles. Should the same regulation be applied to global macro funds as distressed debt or long short equity managers? These strategies, though broadly classified as "alternative" or "hedge funds" have little to do with one another. Moreover, why limit short selling in futures on a not very volatile instrument such as Euro Dollar futures in the same manner as an extremely volatile asset such as crude oil or an individual stock? If lawyers undertake this task, they are likely to make a gigantic mess of it and it will reduce market liquidity.
Disagree	Regulation should be symmetrical with respect to long or short sales.
Disagree	Regulation should focus on risk and capital adequacy not how it is achieved. The "how" should be left to managers so they can align it to strategy, style ...
Disagree	Regulators should regulate the market not individual funds
Disagree	Regulatory authorities should not be able to set short-selling limits. However, AIFM's should be required to disclose each short position (without revealing the individual stocks shorted ) as a ratio of the particular stock's average daily volume.
Disagree	Ridiculous notion.
Disagree	rules of all market places that allow short selling should impose such limits that apply to all investors, non-alternative fund managers and alternative fund managers
Disagree	Same as for leverage.
Disagree	see above
Disagree	Short sellers are an important part of the market. They should be encouraged not penalised.
Disagree	short sellers are market messengers and do not cause share price collapses
Disagree	Short selling an important part of efficient markets and effective price discovery
Disagree	Short selling has to be reported but not controlled. A well-thought through and timely disclosure system will cause managers to think twice before committing to the short side of the trade.
Disagree	Short selling is a market mechanism. The role of the regulator with respect to short selling should be aligned with its role with respect to all other forms of trading: to investigate suspicious trading patterns, or trading in unauthorised instruments, not to limit the extent. If the market has appropriate depth then there should be no limitations provided it is within the fund's clearly stated mandate.
Disagree	Short selling is a necessary part of fully-functioning markets. The disclosure and regulatory regime need improving.

Disagree	Short selling is an important tool in the efficient pricing of assets
Disagree	Short selling is necessary for the liquidity of the markets.
Disagree	Short selling is no different to buying in economic value terms. Any limitations prevent price discovery and increase risk of bubbles. Fundamentally sound businesses do not go under due to share prices collapsing, only over-leveraged ones. In fact, if anything, more short selling should be encouraged by legislators to improve market efficiency and create minor control on corporate risk-taking.
Disagree	Short selling is not the real problem. Prevention of market manipulation to benefit short sellers is the issue.
Disagree	Short selling is part and parcel of financial markets. Having said that, Regulatory authorities should ensure that 1) no abuse on short selling through rumour spreading 2) Penalty on failed shorts high enough so as to eliminate shoddy market practices
Disagree	short selling is part of market efficiency
Disagree	Short selling provides liquidity (Irish market demonstration last year)
Disagree	Short selling should not be treated differently than going long as long as the ability to access the shares is there through share lending and margin requirements
Disagree	Shorting helps keep the markets more efficient. Current REGSHOW rules eliminated uncovered shorts. Anything beyond REGSHOW is a very dangerous precedent, and should be avoided.
Disagree	Shorting is a good tool to keep company management on their toes.
Disagree	Shortselling in an pure alpha mandate is exactly the same as not having a position in a beta mandate
Disagree	Short-selling is essential for markets to function efficiently, and trying to limit short-selling increases spreads and decreases market efficiency.
Disagree	short-selling is needed for healthy markets
Disagree	should be described in fund's regulations and strategy delivered to investors
Disagree	Should be subject to prospectus.
Disagree	should be the same as applied to the whole market
Disagree	Similar as above
Disagree	Sometimes short selling is a way to limit price bubbles
Disagree	strongly disagree
Disagree	Strongly disagree, this has nothing to do with regulators. Investors need to be kept informed, not regulators.
Disagree	Strongly disagree. Short-selling has been witch-hunted. "Naked" short-selling should be stamped down on but any short-selling where stock is first borrowed and later delivered back is entirely reasonable.
Disagree	Structured products would be used to camouflage short-selling, therefore this regulation would only impose costs without benefits.

Disagree	The ability to short sell contributes to the efficiency in the market
Disagree	The funds should set the limits themselves as long as it is properly disclosed.
Disagree	the market should be as free as possible and smart alternative managers shall be able to take profit from them, without too much regulation. I don't think that short selling played had such a bad impact during the crisis.
Disagree	The short-selling limit is already in place for the overall market. Why limit Hedge Funds in particular ?
Disagree	there is no evidence that short-selling has a systematic negative impact. disclosure is a different issue - should be higher
Disagree	There is no evidence that the short sell restrictions in force last year had any effect on stock market direction.
Disagree	There is no objective justification for restricting the activities of funds, as opposed to banks, insurance companies or private individuals, and such restrictions are likely to be effective in terms of the policy objective, while damaging to the overall health of the market and creating all kinds of adverse consequences for the funds and investors involved.
Disagree	There is nothing bad at short-selling Stocks. I wonder if the same is true for naked CDS.
Disagree	There should be absolutely no limit to short selling. There is also no limit for buying.
Disagree	this information should be part of the fund description
Disagree	This is a key part of funds strategies, and contributes to efficient markets. In limited circumstances regulators should be able to step in (eg the ban on certain financial stocks) but not as a general rule
Disagree	this limit should be stated in the fund's prospectus
Disagree	this should be bound by the scope of the investment memorandum which should mandate manager penalties for breaches
Disagree	This type of proscriptive legislation has proven to be ineffective. Shorting (non-naked) is a legitimate method for reducing volatility in investor portfolios and therefore increasing prosperity over time through the powers of compounding.
Disagree	Unless regulatory authorities have the ability to place limits on the extent of long-only activity
Disagree	Unless the activity is clearly in the form of illegal activities.
Disagree	Unless there is evidence of market abuse or in special circumstances, such as during a rights issue.
Disagree	Would destroy the value added these funds deliver and would only force them to operate out of less regulated countries
No opinion	The extent to which short selling can be used should be the same for all manager types whether limits exist or not
No opinion	they already have these abilities (in Europe anyway)

Agree or Disagree: Alternative Investment Fund Managers should be mandated to appoint an independent third party for the valuation of assets.	Comments
Agree	A no-brainer....but this should already be being done via regular audit.
Agree	A third party should also be mandated to confirm ownership of assets as well as valuation.
Agree	a tricky one, as where you have illiquid investments (of which there are more given the diminished capacity of smaller borrowers to access financing), there is a lack of clarity over secondary market valuations, irrespective of the source of that price.
Agree	Absolutely vital because Hedge Fund Managers (unlike private equity) receive carry fees on un realised gains. Ditto independent custody
Agree	Absolutely, but only for Level 2 and 3 assets.
Agree	Absolutely.
Agree	Absolutely. Especially within illiquids having an independent valuation conducted should increase credibility and marketability.
Agree	Agree, although this depends entirely upon how the regulatory regime is applied overall.
Agree	All valuations should be indepently verified
Agree	Although auditors as supposed to check valuations, it is not performed frequently/promply/professionally enough. Any valuation used to calculate published NAV should be fully outsourced to an independent (registered/liscenced) third party.
Agree	Although given illiquidity of many of the asset classes this may not be reasonable.
Agree	Although may not be necessary for exchange-traded instruments
Agree	although this has again a cost for small boutiques ...
Agree	as for most non-alternative funds, administrator/trustee should value & auditors audit
Agree	But not always possible - capable of new forms of market abuse (eg subprime debacle would give same wrong valuations)
Agree	But the definition of "independent" would need to be very clear.
Agree	But this is overkill for some non-UCITs funds that are caught by the current version of the EU directive e.g. traditional Investment Trusts
Agree	especially for illiquid investments
Agree	For fund managers with AuM exceeding some threshold.
Agree	From the perspective of responsability and due diligence
Agree	how do you define "independent"? auditors for example are far from independent...
Agree	However the problem is the verification of the independence if everybody knows everybody in a relatively small industry.

Agree	I agree, independent third parties should be used for benchmarking the valuation of assets against that provided by the alternative fund managers
Agree	I don't think an alternative fund can manage this conflict of interest internally.
Agree	I guess that by mandated you mean "forced" rather than "allowed", in English this is ambiguous. FSA model works well.
Agree	I understand that it is impossible to make valuation for private equity but especially in hedge funds, where the instruments are typically traded on secondary markets, third party valuation should be mandatory.
Agree	I wouldn't invest in a fund with a lot of non-liquid investments that did the valuation themselves
Agree	If the valuation is internal, then it should be audited by an external source
Agree	In case illiquid assets are included, independent valuation should be done on quarterly frequency
Agree	In particular when marketing to non-professional investors.
Agree	In reality few sophisticated investors accept managers valuing the portfolio, so in practice for most reputable managers this makes no difference.
Agree	is more transparent and objective than own valuation.
Agree	It is anyway best practice. The due diligence from most investors nowadays are now almost forcing that independency. In the end, if an investor is willing to trust entirely a manager, its his own choice, but as an industry, I would agree to make it a requirement. However, there will always be positions that an independent firm will not be able to value without the help of the manager (marked to model), so there will always be limits on that side.
Agree	Not enough transparency in this area
Agree	Now that's a good idea. A larger role for Custodians please. With liability for sub-custodian's valuations.
Agree	one should bear in mind that for many less liquid assets it is almost impossible to find "independent third parties" which have the capability to truly assess the market value of such assets. take the example of leveraged loans, where even the largest third party price provider has rather poor data quality.
Agree	Only if no public market exists for such securities and if marketed to retail investors
Agree	Only works if GIPS is adopted by all valuation agencies globally.
Agree	Only, if valuation is relevant, e.g. for compensation of hedge fund managers - i.e. normally not relevant for PE funds.
Agree	Otherwise the valuation cannot be considered to be trustworthy.
Agree	Periodically professional financial valuation are more than wellcome
Agree	Rotation will also be necessary - no long tenure for valuation . Also fully disclosed basis of valuation if not a listed market price.
Agree	See above. Yes for retail. Institutional and UHNW clients should demand it and it should be part of their due diligence process, but it does not mean it should be mandated.
Agree	Should always be the case. Was a "red flag" for the Madoff case, which investors shouldn't have ignored.
Agree	sounds OK - part of disclosure and transparency



Agree	strongly agree
Agree	that's already usually done by auditors!
Agree	The appointment is to come from the board of the fund managed by the AI investment manager.
Agree	The independent third-party itself must be subject to stringent regulatory oversight subject to its activities, systems, personnel and methodologies. Regulatory guidance as to valuation methodologies would be advantageous; a similar structure to UCITS guidelines.
Agree	Third-party verification is crucial. This will foster transparency, reduce the possibility of fraud and enhance market operations. They should also be subject to audits, similar to banks and corporate entities.
Agree	this independence should be audited
Agree	This is a very good idea. One thing that is clear is that different institutions place very different prices on assets of essentially the same value. This needs to find some form of standadisation. MTM has always worked well, however in more illiquid markets an independant valuation expert would be very welcome but cannot be a private concern it needs to be run by the authorities. The ratings agencies to some extent were performing this fuction, however they became too comingled with the enterprises / assets they were evaluating. What methodology would be used is open to debate.
Agree	This is basic common sense.
Agree	This is fair, valuation is not an investors' opinion but a market-wide shared knowledge and approach. This does not mean however that some investments could not be valued at cost if kept until maturity.
Agree	This is good but very costly as the third party need to have good experience in the asset class. Just to have an independent valuation check does not bring anything if the "auditor" has no clue about the asset class.
Agree	This is obvious to everyone in the world except the Americans!
Agree	this would benefit and develop sound business on the long term...
Agree	Too many frauds, too many HF managers that double up their bets when they lose and then try to hide their disasters
Agree	Unnecessary if they only hold highly liquid quoted shares but in that case they are not "Alternative"
Agree	Valuations and their methodology should be audited annually. vIndependent valuation by third parties alone would not solve anything (since there would be a bias towards favourable valuation in order to retain mandates).
Agree	very important
Agree	yes. definately. If not they are simply "marking to myth"
Agree	Yes. Will remove to the mark-to-model rubbish private equity could be guilty of. A reason many fund managers are moving out of equities into private equity is becasue of the perception of lower risk.
Disagree	A possible better control from institutional investors is probably more appropriate and more cost effective
Disagree	Again, this is something to be decided with the investors in the fund; otherwise, the amount of regulation can become prohibitive
Disagree	Agree when marketed to retail investors

Disagree	all financial statents should be subject to independent obligatory audit review
Disagree	Already do for accounts. Is the question about every daily valuation?
Disagree	As long as there are investors providing liquidity to funds who do not let assets valuate independently, I simply can't help... Ouh, Independent does not mean Government. See central bank balance sheets, which are a disaster and are certainly not properly valued...
Disagree	As long as this means the year-end valuations have to be audited, I agree. But no additional parties need to be involved. This is the auditor's responsibility.
Disagree	Audit once a year should safeguard manager effectively applies reasonable valuation methodology. But make sure audit reports are availabe timely. Quarterly third party valuation are too slow, too expensive.
Disagree	audited, this is sufficient
Disagree	Caveat emptor. Investors shoud shy away from funds wihout independent external valuation.
Disagree	Conflict of interest.
Disagree	Depends on the needs of the investor.
Disagree	Depends on the type of asset. This would be nonsensical for e.g. private equity funds. There is a great risk of people trying to make an interim, rough guide, valuation into something that seems more scientific and could therefore be misleading.
Disagree	disclosure of valuation process should be required
Disagree	Does it matter? What if the third party is the portfolio manager's cousin?
Disagree	For hedge funds yes, PE funds no. Given the importance of entry and exit nav's an independent check seems reasonable. Less so for PE funds.
Disagree	Fund administrators are not sufficiently sophisticated to be able to do this job properly in some instances. Where it is appropriate investors will demand it, where it is not it will lead to even more administrative errors and pricing anomalies.
Disagree	funds should be responsible for valuing their assets, but the basis and methodology used for valuation should be fully disclosed. Independent valuation would lead to less transparency and introduce another layer of potential moral hazard.
Disagree	I agree with the principle, but I disagree that regulation is capable of producing the desired outcome - the market will do this more effectively on its own, once there is adequate disclosure to investors of how a fund is constructed
Disagree	I think it would increase expenses and would not give additional information. The valuation are already approved by the auditor (at least in PE). The IFRS lets listed companies do impairment testing on their one as long as the auditor approves them - how is this different. I don't know how relevant this is for hedge funds and my comments relate to only PE.
Disagree	independent valuation (of private assets) is an illusion and therefore a waste of money
Disagree	Investors should decide.
Disagree	investors should read the documents. If there is no independant valuation, don't invest.

Disagree	Investors should require this of all managers regardless.
Disagree	It's a very good idea to have third party valuation, but it should not be mandatory.
Disagree	liquid strategies yes; illiquid strategies (Private equity): that does not make any sense at all
Disagree	makes valuation more transparant, but it might be hard to value the assets
Disagree	Managers of alternative investments are oriented on creating value on exit and delivering real profits not unrealized once. This will also substancially increase cost of running the fund.
Disagree	Many funds are too small for this to be a valuable exercise, and will just add cost to investments. For illiquid PE investments, the Exit is the arbiteur of value and the fund will have been setup with this in mind.
Disagree	No. this would amount to a full-employment mandate for independent valuers.
Disagree	not control, but oversight
Disagree	Not sure it would help prevent fraud and would increase costs. Would agree if thought it would help prevent fraud, but can see how it could be circumvented.
Disagree	Nothing should be "mandated". The marketplace will lead most, if not almost all, fund managers to use third parties, but this is not a regulatory matter, not least as long-only managers typically do their own valuation.
Disagree	On a voluntary basis. Nice to have but not neccesarily must have
Disagree	Prefer the valuation assumptions to be transparent, who ever is making them. It may well be in a fund's interest to get external verification - this would add to the manager's credibility. I don't want to see a replication of the reliance on credit rating agencies creeping in here.
Disagree	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
Disagree	Professional investors should get a black box warning (Frauds have often been perpetuated through absence of independent third party valuation). Retail investor: of course
Disagree	Should be mandated mark to market under any circumstances!
Disagree	should be voluntary and mainly driven by investors
Disagree	The bigger Problem would be to find some one! The Rating Agencys missed it too.
Disagree	The capacity to limit short selling shall lie with the fund investors via investment policy, not regulator.
Disagree	The Investor should seek independant valuation
Disagree	the requirements should not be stronger than for other investment fund managers
Disagree	They should be able to prove good pricing but not be forced to use a third party for that purpose.
Disagree	They should disclose their valuation process and disclose the presence of stale or managed pricing.
Disagree	they should do what they have told investors they will do, if investors are happy with that then fine.
Disagree	Third party evaluators are good, but a "one-size fits all" approach to alternative investment funds make no sense.
Disagree	This is a core competency. Outsourcing it is a contraction

Disagree	this is best practice but should not be mandatory; there are substitutes such as more frequent audits.
Disagree	This might be beneficial some times if the fund trades mostly OTC-assets, but I think this could be demanded by influential investors. For a fund trading liquid, exchange traded assets it will only add a layer of costs to the investors.
Disagree	This requirement should only be considered where the investors in the fund are retail customers (i.e. not professional/ institutional investors).
Disagree	This should be demanded by investors - those who don't provide it will fall by the wayside.
Disagree	This would help, however this should not be mandatory. And it would not help, if the third party would be so called "independent" like the rating agencies. This would be just another joke.
Disagree	Valuations are most relevant in the context of incentive payments to managers relating to unrealized investments. This does not apply to private equity funds who pay the incentive (carry) after the cash is generated. Hedge fund investors should insist on this, but it is not for regulators to control.
Disagree	What, like Moody's or S&P? LOL
Disagree	Who? We have the world's largest administrator and they are incapable of realistically valuing illiquid and hard to value assets. If the risk is overstatement of the NAV the board of the fund (and potentially the manager) is liable. Equally sophisticated investors can identify for themselves whether the performance fee structures and valuation processes are robust.
Disagree	Why? investors should not buy what they do not understand. Proper operational checks should be carried out by the investor first. What difference would this make? valuation of illiquid investments will always be subjective, and an independent 3rd party is not going to solve that! Punishes small firm to the benefit of the large.
Disagree	You would have the same issues as to now with the ratings agencies: i.e. agency issues and conflicts of interests.
No opinion	A valuation made by the administrator should be sufficient as a third party requirement. The administrator however will usually ask for the valuation by a pricing agent anyways.
No opinion	auditors?
No opinion	Basically agree, BUT this involves a significant amount of cost... while in practice third party may sounds independant, but it is not definately better. Mostly fund managers instruct third party how to value the OTC positions properly.
No opinion	Currently quoted stock prices are already transparent, and are annually verified by auditors. Anything more than that would be very costly and duplicative. A case can be made for NVCA or another body to set valuation guidelines that all VC / PE firms must follow.
No opinion	I think it depends of the frequency of valuation - it may be too costly and ineffective for the funds to outsource external appraisers to perform routine valuation studies
No opinion	I think that this is a part of the negotiations between manager and investor.
No opinion	I would leave it on the market pressures. If market participants want third party valuation then it will have it.

No opinion	Independent does not mean free of conflicts, or highly capable, or able to figure out highly complex instruments. In some cases an independent party may be worse for investors than a manager who has legal obligations to manage (or they get sued) or reputation to protect (meaning they will not get further investors if they misvalue the assets). In volatile markets or uncertain times, it is not clear that the independent party will have any clue what to do about valuation. Also, the independent valuer will charge something, the cost of which will come from investors.
No opinion	Not sure on that one. Self certification of valuations is not good though.
No opinion	Only if there was evidence that valuation was abused or that managers make misleading statements. I.e. it could be a reaction if some fault was found with the valuation. I.e. what I would propose is random audits and if misuse was found, then an independent valuer should be appointed for a period of time, depending on the severity of the misuse.
No opinion	surprised anyone would invest in a fund where there was subjective valuation - caveat emptor
No opinion	that may not always be possible... but in principle its a good idea.
No opinion	There are issues on this regard, which include among others the honesty of the managers in valuing their positions. Nevertheless, the valuations should be subject at least to the review a third party (Administrator).
No opinion	This is arbitrary provided valuations are audited appropriately.
	a third party appraiser/valuer can only be independent from the audited firm, if it is not paid by the firm it is auditing. this could be achieved if investors in advance agree to bear the costs of an independent audit (i.e. separate from management & performance fees)

<b>Agree or Disagree: An independent third party should retain control over the process used to determine a final valuation.</b>	<b>Comments</b>
Agree	Absolutely. From then on, one would understand why commissions on such funds are so high.
Agree	Again GPS is the key.
Agree	Again greater transparency hence restoration of credibility
Agree	Agree, however, there should be clarity on the process before it is undertaken.
Agree	Although in practice there might be close cooperation with the alternative investment fund
Agree	and it should be consistent across the industry (Globally !!!)
Agree	And publish methodology ( as above )
Agree	Any disputes should be well flagged out and made available to investors in a timely manner.
Agree	Best practice again (see previous point).
Agree	But there needs to be scope to allow third party validation for asset classes like private equity.
Agree	But this should not be mandatory. My preference would be for a comply or explain approach.

Agree	but who controls the independent? same case of rating agency....
Agree	But will this really work? An independent third party reviewed Enron's balance sheet. Ditto Lehman's.....Was not very helpful then.
Agree	Conflict of interests will be reduced by this. Especially when the fees for some of these funds depend on valuations.
Agree	Custodians again. Every trade using client money should be registered with the custodian.
Agree	Duh! What does "independent" mean?
Agree	For arbitrage situations where there is strong disagreement between the manager and an appointed third party verification agent
Agree	FSA model works well. That body is typically the fund board, who subcontract to the custodian.
Agree	Funds should appoint 3rd party administrators who sign off on a valuation procedure.
Agree	I agree as far as this is practicable. This is a costly procedure and it has the risk attached that it will all be for show. The 3rd party is often dependent on input from the manager anyway. The existence of a 3rd party to oversee the process is good practice however.
Agree	I think we should aim for consistent valuation techniques amongst third parties in valuation.
Agree	If they do, they should
Agree	In the same way as a transfer agent can set the NAV for investment funds.
Agree	It depends on the way the manager is paid - some may be paid based on the NAV and there is an outright conflict. Private equity fund's management fee often does not depend on the NAV fluctuation. It may not be required to have the third party.
Agree	it follows from previous
Agree	nice alternative to the mandated third party valuation
Agree	obviously if 1/3 party is mandated he has to be credible as being truly independent
Agree	Only if no public market exists for such securities and if marketed to retail investors
Agree	only if process is set prior to fund launch
Agree	Otherwise 3rd party valuation is a waste of time
Agree	Probably remove most of the alleged alpha though, so beware!
Agree	Regarding to all of the questions about the independent party, I doubt very much that the independent party can truly act in the way it should be.
Agree	role of auditor
Agree	see above
Agree	See above.

Agree	<p>The definition of Valuation can vary substantially. For example what's it worth right this minute (traditional MTM), versus what can reasonably be expected to be had for the asset over a reasonable amount of time approach. Perhaps both being determined and in fact the deviation between the two measures may even develop into a market of its own.</p> <p>A decision as to what methodologies for valuation should be made and this should be stuck to. I also do not think one method alone should be used but perhaps a combination as indicated above.</p>
Agree	The process should be agreed and documented and disclosed to investors. This process should then be followed by the manager and third party
Agree	There is an issue that VC /PE firms overvalue their positions. But to implement it will be a nightmare.
Agree	There should be some material degree of independent oversight of valuations.
Agree	third party to validate a process but afterwards, it could be done internally
Agree	This is less black and white as one doesn't want valuation to be an impediment to doing business. It should facilitate and support.
Agree	This is simply a matter of integrity.
Agree	yes. definitely. If not they are simply "marking to myth"
Disagree	a secondary support team can't be expected to fully understand the complexities in valuing the bespoke products that hedge funds / Alternative managers are the marginal buyer for.
Disagree	Again a good idea, but it should not be mandatory.
Disagree	already role of auditors (partly as not final-arguable)...
Disagree	as above.
Disagree	As above: split retail / professional
Disagree	Auditing valuation processes is more appropriate. The goal should be to deliver reliable, consistent and accurate valuations. Using an independent third party does not necessarily deliver this if there is a lack of consultation and input from the fund manager.
Disagree	Can't see how enforceable for highly illiquid assets, e.g. dislocated markets and Private Equity. Leave risk assessment to investors, including MTM pricing of illiquid assets. Cost-benefit doesn't add up.
Disagree	Depends on the asset. Most of these questions are just too generic. Alternative investments covers too wide a range for a single set of rules.
Disagree	Depends on the needs of the investor.
Disagree	Disagree if they do not have the expertise as the instruments/fund strategy can be sophisticated.
Disagree	harmonization of valuation is a benefit but should be carried out on a voluntary basis at the investor level.

Disagree	Independent third party should OPINE on the final valuation (as discussed above), but "CONTROL" is too strong
Disagree	Investors from different regions may have different requirements. I prefer that the investors and the managers are able to work out a valuation strategy that works for them together.
Disagree	Investors should require this of all managers regardless.
Disagree	Just as wrong as giving a company control
Disagree	My experience of some people in the valuation space has exposed major shortcomings in understanding and the way markets function. Should not be entirely in their space without a major upgrade in skill-set.
Disagree	Needs to be blessed by the auditor. this is enough.
Disagree	no need for regulation
Disagree	No, I think the independent party should challenge the valuation but not determine it. However both reports should be provided to the investor.
Disagree	not control, but oversight
Disagree	Only if they are hard-to-value asset
Disagree	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
Disagree	Provided that valuations are audited.
Disagree	review by the auditor might make sense
Disagree	Same as above. If the auditor can do it, fine.
Disagree	Same as above...
Disagree	Same comment as to the previous question
Disagree	see above
Disagree	See above
Disagree	should be a joint effort between manager and administrator
Disagree	should be voluntary and mainly driven by investors
Disagree	That one is a tricky one if you consider for instance the leveraged loan market during the crisis: how can you properly value a portfolio with assets that do not trade for a long while and Markit prices were a joke (some prices based on the last-year- trade). Also the issue with "independent third party" is one of expertise, market experience, seniority..
Disagree	The fund investors shall determine who is to determine valuations.
Disagree	The fund should be finally responsible for valuation though making sure the transparency and accountability of the process and the results
Disagree	The independent party however should be able to disclose its disagreement with the valuation in the earnings statements if necessary
Disagree	The market sets the price for a good. So if you want a price ask the market and he will tell.



Disagree	The registration process for managers should include an inspection of their valuation process by the regulator. Would prefer that process to be disclosed and ditto for any changes to it.
Disagree	There should be 2 valuations : one by the IM which represent its view and strategy and one by the independant TP (either such as an audit).
Disagree	There should be an industry standard to determine the asset valuation.
Disagree	Third party evaluators are good, but a "one-size fits all" approach to alternative investment funds make no sense.
Disagree	Third party should give opinion on process used.
Disagree	this is best practice but should not be mandatory; in practice very often a farce, easy to make it look like that!
Disagree	This is too strong, can be defined to be more like a mutual consent
Disagree	Typically third party is not able to value as quickly, as good and as cheap as fund manager. But annual audit of fund manager value process should be mandatory and timely and prominently disclosed.
Disagree	Unnecesary and time consuming layer of regulation. Punishes the small firm to the benefit of the large.
Disagree	Valuation methodology should be in line with market convention, justifiable, published and signed off by the independent auditor.
Disagree	Valuations method should be stated in the prospectus.
Disagree	We don't need more regulation on that. As long as there are investors throwing money at managers with improper processes, no chance to get things any better -- no matter how much regulation is imposed on top
Disagree	what for?
No opinion	again, it would be great. But in some cases it will be hard to find people with the necessary credentials to do it.
No opinion	as above - a third party, arms length view would be good though
No opinion	Difficult to answer without clarifying the type of exit.
No opinion	Dont quite understand it. I thought supply demand determines that.
No opinion	I don't understand the question.
No opinion	Not sure this really provides an additional safeguard.
No opinion	Perhaps, but presumably a final valuation can be achieved by liquidating the portfolio into the marketplace.
No opinion	same as previous question
No opinion	should be a balanced approach / process between internal and third party valuation

No opinion	The point on some of these investments is that they are illiquid and therefore hard to value. No amount of "valuation" can circumvent that fact. Therefore, the important thing is for investors to get comfortable with the time horizon rather than what it could sell for as it is likely that most will not to be sell-able.
No opinion	The prime broker could send the final NAV statement to the investors like the custodian bank in Germany which is responsible for the final NAV calculation.
No opinion	the process should be standardised though
No opinion	There are issues on this regards, which include among others the honesty of the managers in valuing their positions. Nevertheless, the valuations should be subject at least to the review a third party (Administrator).
No opinion	valuations methods should be disclosed clearly and used uniformly.

Q5 Comments

Do you believe it is appropriate to place restrictions related to the location of independent valuers, depositaries, and portfolio managers of Alternative Investment Funds sold in the EU?	Comments
Yes, restrictions on non-EU actors are appropriate.	re madoff case
Yes, restrictions on non-EU actors are appropriate.	...to avoid that they operate from locations without any supervision
Yes, restrictions on non-EU actors are appropriate.	A level-playing field is necessary. Two ways to achieve it: no regulation for everybody, or the same regulation for everybody. Unless non-EU actors are subject to the same regulation as EU-actors to provide, among other things, adequate protection to EU-based investors, no level-playing field exists.
Yes, restrictions on non-EU actors are appropriate.	A necessary step to lock-in players into EU regulation. Without regulators having access to theses players, the regulation cannot be enforced.
Yes, restrictions on non-EU actors are appropriate.	Actors should be easy to supervise.
Yes, restrictions on non-EU actors are appropriate.	All actors, regardless of their location, should be subject to the same amount of restrictions so as to ensure a level playing field.
Yes, restrictions on non-EU actors are appropriate.	all functions are not on the same equal footing...depositaries and custodians duties can prove different...
Yes, restrictions on non-EU actors are appropriate.	All need to be regulated under a common framework, that cannot be enforced in an outside jurisdiction, unless considered materially similar e.g. US
Yes, restrictions on non-EU actors are appropriate.	An EU based custodian is appropriate for all funds with clients in the EU. Fund Managers with retail clients should be required to have an office in the EU. This makes them more accountable.
Yes, restrictions on non-EU actors are appropriate.	Anything sold to EU investors should be subject to EU regulation.
Yes, restrictions on non-EU actors are appropriate.	as long as the location is regulated
Yes, restrictions on non-EU actors are appropriate.	at the same time a world regulation program would be more efficient
Yes, restrictions on non-EU actors are appropriate.	avoid managing of funds from offshore places with less strict regulation

Yes, restrictions on non-EU actors are appropriate.	Bitter experience has shown us that even institutional investors would benefit from the benign effects of tighter regulation on all aspects of their finances.
Yes, restrictions on non-EU actors are appropriate.	But non-EU actors should be allowed when equivalent rules are obeyed.
Yes, restrictions on non-EU actors are appropriate.	Conditions can vary markedly by location.
Yes, restrictions on non-EU actors are appropriate.	easier to control the controller, same jurisdiction
Yes, restrictions on non-EU actors are appropriate.	especially far-away offshore centers with low quality staff and systems
Yes, restrictions on non-EU actors are appropriate.	Exemptions to be provided to countries with good audit and regulation standards.
Yes, restrictions on non-EU actors are appropriate.	For transparency purposes.
Yes, restrictions on non-EU actors are appropriate.	funds should be liable in the jurisdiction in which they operate too.
Yes, restrictions on non-EU actors are appropriate.	Funds should not be able to circumvent appropriate regulations put in place by local regulators by locating themselves in a lax jurisdiction.
Yes, restrictions on non-EU actors are appropriate.	Funds sold in the EU should comply with EU regulation in all respects
Yes, restrictions on non-EU actors are appropriate.	I think a process of mutual recognition would resolve much of the conflict on this issue.
Yes, restrictions on non-EU actors are appropriate.	If European rules are more stringent than in some other regions, it is only natural to add some restrictions on funds emanating from these other less regulated regions.
Yes, restrictions on non-EU actors are appropriate.	If they sell in the EU there should be a level playing field.
Yes, restrictions on non-EU actors are appropriate.	in order to avoid regulatory arbitrage.
Yes, restrictions on non-EU actors are appropriate.	Independent valuers should be authorized by some regulatory body within the EU and be subject to a common set of rules, procedures and controls.
Yes, restrictions on non-EU actors are appropriate.	Maximise integrity of regulation
Yes, restrictions on non-EU actors are appropriate.	Most EU jurisdictions protect investors by requiring competence from these actors, financial strength, clear reporting and due-diligence. How could you pretend to have the same level of comfort with actors in the Virgin Islands, Gibraltar, Russia etc... ?

Yes, restrictions on non-EU actors are appropriate.	Need to ensure they meet minimum requirements.
Yes, restrictions on non-EU actors are appropriate.	Non EU covers a vast range; many actors will be better than those in the EU. However some will be very much worse.
Yes, restrictions on non-EU actors are appropriate.	Non-EU actors can't be trusted - this applies especially to US- based institutions, as the Madoff fraud has shown.
Yes, restrictions on non-EU actors are appropriate.	One needs to be certain that minimum standards of regulation are in place in these territories.
Yes, restrictions on non-EU actors are appropriate.	Only entities located in OECD / G20 countries, which will have the same level of regulatory scrutiny shall be able to manage / sell to investors located in OECD / G20 (no more Cayman Islands of this world ...)
Yes, restrictions on non-EU actors are appropriate.	Only if location is black-listed tax-haven by OECD or similar objections (e.g. places where there is proof that collusion against investors frequently happens)
Yes, restrictions on non-EU actors are appropriate.	Only if the funds are marketed to retail investors, if non-EU actors have a looser regulation
Yes, restrictions on non-EU actors are appropriate.	Otherwise avoidance schemes might arise
Yes, restrictions on non-EU actors are appropriate.	Participants that have a key role in the AIFM industry must be required to have a substantive physical presence within the legal reach of the fund investors' regulatory/legal domain.
Yes, restrictions on non-EU actors are appropriate.	Potential lack of legal recourse vs. non-EU actors
Yes, restrictions on non-EU actors are appropriate.	Probably if you don't have restrictions, some mgrs might be tempted to hire an auditing firm registered in Sierra Leone or Tibuktu
Yes, restrictions on non-EU actors are appropriate.	Provided this is throughout the entire space - ie no regulatory arbitrage should not be possible
Yes, restrictions on non-EU actors are appropriate.	Quality control is essential and those fulfilling these functions need to be properly scrutinised themselves and assessed under correct prudential standards and regulations
Yes, restrictions on non-EU actors are appropriate.	ref offshore and their legal system
Yes, restrictions on non-EU actors are appropriate.	Regulations in some exotic jurisdictions look very much like a parody.
Yes, restrictions on non-EU actors are appropriate.	Reliability
Yes, restrictions on non-EU actors are appropriate.	Requires managers to meet local standards of regulation and governance.

Yes, restrictions on non-EU actors are appropriate.	restrictions should be on jurisdiction operating/marketing in, not just domicile
Yes, restrictions on non-EU actors are appropriate.	rules should be the same for both EU and non-EU
Yes, restrictions on non-EU actors are appropriate.	SAME JURISDICTION FOR MANAGERS THAN FOR DEPOSITARIES AND VALUATORS COULD BE BETTER MANAGED.
Yes, restrictions on non-EU actors are appropriate.	Several destinations are regulatorily not on the same level like EU actors. This is problematic as it distorts the competition and makes difficult for other market participants to have an overview and compare the service providers.
Yes, restrictions on non-EU actors are appropriate.	Should not be outside Western legal system.
Yes, restrictions on non-EU actors are appropriate.	Should not treat EU and non-EU domiciles differently. Should be subject to same requirements.
Yes, restrictions on non-EU actors are appropriate.	supervisory bodies in the fund location should enforce same level of supervision as in the EU
Yes, restrictions on non-EU actors are appropriate.	The question should be: Do you believe it is appropriate to place restrictions if the legal environment of the fund is less restrictive as in the EU?
Yes, restrictions on non-EU actors are appropriate.	The regulatory regimes of some parts of the world are far from adequate. To protect EU investors, a determination needs to be made of the origins of any fund operations in the EU. The key issue should be compliance with EU regulations.
Yes, restrictions on non-EU actors are appropriate.	There is a clear need to preempt further tax and legislative arbitrage which otherwise would tend to dilute the impact of newly imposed legislative/regulatory measures on a global level.
Yes, restrictions on non-EU actors are appropriate.	There needs to be some form of liability of these entities to the regulatory agencies. If they are non jurisdictional it could cause all sorts of legal issues.
Yes, restrictions on non-EU actors are appropriate.	These parties should be accountable for their actions, and accountability should involve some physical presence in the relevant markets.
Yes, restrictions on non-EU actors are appropriate.	They needed to be located in a jurisdiction where regulation will have an impact.
Yes, restrictions on non-EU actors are appropriate.	They should be in a jurisdiction that maintains decent standards (eg Jersey). "Valuators" is not a word - you mean "valuers"!!
Yes, restrictions on non-EU actors are appropriate.	They should be located in places free of abuse and/or corruption
Yes, restrictions on non-EU actors are appropriate.	This should be tackled globally but we might sweep before our own doors first. Oversight should be tight as we want to prevent to have to blame regulators who, with hindsight, might have been handcuffed and crippled all along

Yes, restrictions on non-EU actors are appropriate.	To ensure level playing field for parties that are subject to different home regulations. Eg US party wishing to act in EU should follow the stricter of EU or US rules
Yes, restrictions on non-EU actors are appropriate.	To the extent that independent valuation is required by law, the independent valuers should be subject to the law of the same jurisdiction that requires their appointment as otherwise it will be difficult to police.  I do not believe there should be restrictions on the location of depositaries or portfolio managers.
Yes, restrictions on non-EU actors are appropriate.	Too many vehicles that are hidden on Guernsey, Cayman etc. are not approachable. Parties mentioned including accountants should be based within properly regulated countries like within the EU. That makes them easily approachable and more liable for their actions and mistakes.
Yes, restrictions on non-EU actors are appropriate.	US also separates between US and non-US actors, so this would be just to create a level playing field
Yes, restrictions on non-EU actors are appropriate.	we need a fair global playing field
Yes, restrictions on non-EU actors are appropriate.	Who is paying if something goes wrong in the EU? Probably the EU of people from the EU would suffer. Therefore the EU should set certain, approp. limits.
Yes, restrictions on non-EU actors are appropriate.	Will depend on the level of restrictions: This could lower competition within the EU. What is needed is globally harmonized regulation. See next question.
Yes, restrictions on non-EU actors are appropriate.	Yes, but mainly because of the kind of issues there are arising due to the Lehman case, regarding different jurisdictions and because there is not a common legal framework; at least if it is restricted to the european union, there might be a bit more control or homogeneization (CESR recommendations, common laws and so)
Yes, restrictions on non-EU actors are appropriate.	Yes, the service providers should be based in the EU or OECD countries which have double-tax treaties with EC.
Yes, restrictions on non-EU actors are appropriate.	You have to be close to the people and processes you control.
No, restrictions on non-EU actors are inappropriate.	A consistent and effective valuation is a GLOBAL valuation standard like GIPS.
No, restrictions on non-EU actors are inappropriate.	actually location doesn't matter, investment portfolio of the fund may include assets abroad, so if the fund manager needs to value some asset out of EU he can appoint domestic licenced independent valuers and thes valuers are better with the local market than valuers from EU
No, restrictions on non-EU actors are inappropriate.	Again: make important disclosure in case to make sure investors are fully aware
No, restrictions on non-EU actors are inappropriate.	Although KYC requirements etc should apply

No, restrictions on non-EU actors are inappropriate.	an absolutely outrageous suggestion centred around clear protectionism and the desire to populate a parisian suburb. next they will cite an accident involving a honda as a reason to ban the manufacture of cars outside of the EU.
No, restrictions on non-EU actors are inappropriate.	any "equivalently regulated" service providers should be allowed
No, restrictions on non-EU actors are inappropriate.	arrant protectionism
No, restrictions on non-EU actors are inappropriate.	As long as agreed with investors, I see no reason for valuator to be EU-based.
No, restrictions on non-EU actors are inappropriate.	As long as is disclosed, investors can make up their own minds if valuator is goo/bad.
No, restrictions on non-EU actors are inappropriate.	As long as legal recourse of authorities is granted, no location restrictions are justifiable.
No, restrictions on non-EU actors are inappropriate.	as long as the home country supervision is accepted, there should be no additional requirements
No, restrictions on non-EU actors are inappropriate.	As long as the location is known there is no need to place restrictions
No, restrictions on non-EU actors are inappropriate.	as long as the persons are known and accepted, such restrictions are not needed.
No, restrictions on non-EU actors are inappropriate.	As long as there are appropriate controls in the country there should not be restrictions as there may be better expertise outside the EU in the relevant sector.
No, restrictions on non-EU actors are inappropriate.	As long as they behave professionally and with integrity, I see no reason why to place restrictions on them.
No, restrictions on non-EU actors are inappropriate.	Balkanisation of regulatory activity will make matters worse
No, restrictions on non-EU actors are inappropriate.	Believe in free markets.
No, restrictions on non-EU actors are inappropriate.	Can't see the benefit. Fraudsters in tax havens no better/worse than those in EU.
No, restrictions on non-EU actors are inappropriate.	can't see why that is necessary
No, restrictions on non-EU actors are inappropriate.	Competition is to be welcomed (no closed shop). Protectionist measures are undesirable.
No, restrictions on non-EU actors are inappropriate.	Considerably reduces the set of available investment options



No, restrictions on non-EU actors are inappropriate.	Could create monopoly for certain service providers
No, restrictions on non-EU actors are inappropriate.	Credible players exist outside the EU and investors should decide whether they're comfortable with the arrangement. All relevant parties should be disclosed though.
No, restrictions on non-EU actors are inappropriate.	Dependent on the assets, it might be more appropriate to be located outside the EU, even if selling the funds into the EU. Provided the rules are adhered to there should be no such restrictions.
No, restrictions on non-EU actors are inappropriate.	Different regulators should agree on what is industry standard
No, restrictions on non-EU actors are inappropriate.	Does it matter where someone is located?
No, restrictions on non-EU actors are inappropriate.	Does not foster adequate competition
No, restrictions on non-EU actors are inappropriate.	don't believe in protectionist policies
No, restrictions on non-EU actors are inappropriate.	E.g. requiring a portfolio manager to manage a Russia-dedicated private equity portfolio out of London is nonsense, either fooling the investors (if the PM really sits in London) or the regulators (if in reality he doesn't). Same for valuers - there may likely be too much specifics. Depositories - in certain countries it may impede trading on local (outside EU) exchanges.
No, restrictions on non-EU actors are inappropriate.	e.g., Switzerland or Norway are "non-EU actors"!!
No, restrictions on non-EU actors are inappropriate.	EU or non-EU, some level of standards should be maintained for these services.
No, restrictions on non-EU actors are inappropriate.	EU regulations must be enforceable on all actors involved in the investment management process. Non-EU actors must comply to the same set of rules and regulations as EU actors.
No, restrictions on non-EU actors are inappropriate.	EU should accept EU + Non-EU countries which have a legislation/regulation similar to the EU in this regard.
No, restrictions on non-EU actors are inappropriate.	Fair treatment shall apply.
No, restrictions on non-EU actors are inappropriate.	Firstly, I do not believe in mandatory appointment of independent valuers as the existence of these so-called independent third parties such as rating agencies adds no value to the process. If however, such appointment is made mandatory, I do not believe there should be restrictions related to location due to the globalised nature of investment and fund flows.
No, restrictions on non-EU actors are inappropriate.	free decision on location should be possible
No, restrictions on non-EU actors are inappropriate.	free trade and free markets are good for competition and for end user

No, restrictions on non-EU actors are inappropriate.	Funds should have the flexibility to manage their unique circumstances. Investors should be advised of the circumstance and allowed to make informed decisions about whether or not to invest.
No, restrictions on non-EU actors are inappropriate.	Globalization is a fact nowadays. Actors should be chosen for their merits, not their place of residence.
No, restrictions on non-EU actors are inappropriate.	however, AI funds should be mandated to choose valuers "of high standards"
No, restrictions on non-EU actors are inappropriate.	I believe in free trade in financial services.
No, restrictions on non-EU actors are inappropriate.	I believe in free trade, and to place restrictions on location would be anathema to that.
No, restrictions on non-EU actors are inappropriate.	I do believe that it is primary responsibility of an investor to evaluate all risks connected to an investment in an Alternative Investment Fund. If someone fails to determine all risks (including operational risk) it is his/her fault and no one else should be blamed for. Those investor that behave negligently might be punished for the negligence and rightly so by losing money invested.
No, restrictions on non-EU actors are inappropriate.	I do not think location is or should be an issue at all.
No, restrictions on non-EU actors are inappropriate.	I don't see why this would be relevant?
No, restrictions on non-EU actors are inappropriate.	if a fund chooses non-EU location, then it will send a signal to investors - up to investors to decide if they put their trust in this decision. Might bring non-Eu locations into convergence with EU regs if EU seen to be the safe haven. But - very important that Eu AIFs disclose this information.
No, restrictions on non-EU actors are inappropriate.	If I have someone in Singapore calculating my NAV, what does it matter? And if it does, a professional investor will point it out, hold back investment and the manager will change the setup!
No, restrictions on non-EU actors are inappropriate.	If sold to retail market: yes. If for professional market only if location prohibits correct exercise of fiduciary duty
No, restrictions on non-EU actors are inappropriate.	if they are recognized by EU regulators
No, restrictions on non-EU actors are inappropriate.	If we accept it is legal to do investment business in another jurisdiction then it should be legal to contract with service providers of that jurisdiction.
No, restrictions on non-EU actors are inappropriate.	I'm against limiting freedom of choice. Information on the "supervisory standards" of the fund should be mandatory.
No, restrictions on non-EU actors are inappropriate.	In a global economy that nourishes at frequent capital movement, it would be unfair market practice to hamper the efforts of non-EU actors for the privilege of the EU actors.

No, restrictions on non-EU actors are inappropriate.	In general, professional investors should do a better job than governments in choosing who to invest with. Retail investors should be protected by registration/licensing requirement regardless of fund manager/valuator domicile.
No, restrictions on non-EU actors are inappropriate.	Incompetence is not a geographic issue.
No, restrictions on non-EU actors are inappropriate.	interferes with free and efficient market principles
No, restrictions on non-EU actors are inappropriate.	International bodies should set rules of independent valuers that should be similar across the globe
No, restrictions on non-EU actors are inappropriate.	investors should have the ability to invest in "ex-EU product" if they so desire.
No, restrictions on non-EU actors are inappropriate.	Investors should place emphasis on those valuers rather than imposing jurisdictional restrictions.
No, restrictions on non-EU actors are inappropriate.	Investors should vote with their money if they trust the valuator or not
No, restrictions on non-EU actors are inappropriate.	isn't this racism? If the same set of rules apply and are followed who cares if they are based in Timbuktu?
No, restrictions on non-EU actors are inappropriate.	It imposes restrictions on free trade to impose restrictions on non-EU actors.
No, restrictions on non-EU actors are inappropriate.	It is a form of protectionism which would have consequences for EU based managers sell overseas
No, restrictions on non-EU actors are inappropriate.	It is a global game
No, restrictions on non-EU actors are inappropriate.	It is ridiculous to say that e.g. a US institution could not be a depositary and therefore is merely protectionism.
No, restrictions on non-EU actors are inappropriate.	It is the quality of their service not their location which is important
No, restrictions on non-EU actors are inappropriate.	it is up to funds' managers and investors
No, restrictions on non-EU actors are inappropriate.	it is up to the business to organise itself in the most efficient and cost effective manner. i don't know today if location is going to be any useful in terms of independence whether in separate or identical locations. but this could impact the ultimate cost paid by investors, Therefore, i would ensure independence but leave other restrictions out of the picture.
No, restrictions on non-EU actors are inappropriate.	It must only be the investors to be informed about those questions, not to imposing some restrictions.

No, restrictions on non-EU actors are inappropriate.	It would only serve the vested interest of domestic players
No, restrictions on non-EU actors are inappropriate.	Its already in the prospectus who does these things, possibly for retail.
No, restrictions on non-EU actors are inappropriate.	it's enough a disclosure
No, restrictions on non-EU actors are inappropriate.	Level playing field
No, restrictions on non-EU actors are inappropriate.	location does not affect professionalism or independence. as long as objectives are clear, no reason to intervene in competition amongst service providers
No, restrictions on non-EU actors are inappropriate.	location does not define quality of service or product
No, restrictions on non-EU actors are inappropriate.	Location is a matter of non importance at all in comparison with a well regulated system.
No, restrictions on non-EU actors are inappropriate.	Location is an irrelevant factor; expertise and tax-efficiency are important however
No, restrictions on non-EU actors are inappropriate.	Location is not key. Quality of the institution and its processes is what counts.
No, restrictions on non-EU actors are inappropriate.	Location is of no relevance provided actors are governed by appropriate code of conduct, regulations and act with integrity.
No, restrictions on non-EU actors are inappropriate.	Location should not be a factor as long as minimum standards are upheld.
No, restrictions on non-EU actors are inappropriate.	Location specific restrictions just cause AIFs to change their locations, not their actions. Better to have the manager in the EU than completely based in an untouchable jurisdiction.
No, restrictions on non-EU actors are inappropriate.	Markets are global. Investment strategies are global. And any valuer of quality should adhere to best practice standards in order to have a viable business. Also valuation methods must be fully transparent.
No, restrictions on non-EU actors are inappropriate.	My answer only applies if they can demonstrate independence and integrity.
No, restrictions on non-EU actors are inappropriate.	No protectionism please
No, restrictions on non-EU actors are inappropriate.	No restrictions for institutional investors, restrictions should be imposed for private individuals.
No, restrictions on non-EU actors are inappropriate.	No, as long as the independent third parties are truly independent and have to report according to internationally recognized fin. accounting standards

No, restrictions on non-EU actors are inappropriate.	No, but sufficient experience and independence needs to be shown
No, restrictions on non-EU actors are inappropriate.	No, the location should not matter - this should be as free as an economy as possible. However, a governing body to ensure quality of standards should be implemented and membership mandatory. However it is important to agree on the law governing the investment contracts and agreements in the event of a dispute.
No, restrictions on non-EU actors are inappropriate.	One should simply go for the best service provider regardless of location.
No, restrictions on non-EU actors are inappropriate.	Other jurisdictions, notably the US, have similar regulatory regimes (or are heading that way). I don't think the EU is the appropriate geographic unit for regulation of these cross-border funds, so it smacks of protectionism.
No, restrictions on non-EU actors are inappropriate.	Professional and ethical position is more important than geographical location.
No, restrictions on non-EU actors are inappropriate.	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
No, restrictions on non-EU actors are inappropriate.	professional investors should be able to make suitable judgements for themselves, including reliance on overseas regulators.
No, restrictions on non-EU actors are inappropriate.	Protectionism at its highest!
No, restrictions on non-EU actors are inappropriate.	Protectionism does not create value. Obviously non-EU actors should comply with EU laws and regulations and be subject to the same supervision. Reciprocity requirements are acceptable.
No, restrictions on non-EU actors are inappropriate.	Protectionism forces up costs all round. Forcing managers to appoint someone external as custodian makes sense, and once that is the norm the pressure to pick high-quality partners will be intense.
No, restrictions on non-EU actors are inappropriate.	Protectionism in disguise
No, restrictions on non-EU actors are inappropriate.	Protectionism is never good. In addition, within EU there are very big differences between regulatory bodies (it would be great to get comparison between Poland and Germany, for example).
No, restrictions on non-EU actors are inappropriate.	Protectionist
No, restrictions on non-EU actors are inappropriate.	Provide that they comply with regulation imposed on their EU counterparts , non-EU actors should not be discriminated.
No, restrictions on non-EU actors are inappropriate.	Providing non-EU actors are obliged to conform to EU regulatory procedures, they should be subject to no restrictions which aren't applied to EU actors.
No, restrictions on non-EU actors are inappropriate.	quality of service and transparency prevail over location. Rotten apples will eventually be eliminated through self-regulation
No, restrictions on non-EU actors are inappropriate.	Regulatory requirements should be universal ie should be equal for sellers located inside and outside uk

No, restrictions on non-EU actors are inappropriate.	Restrictions can't be based solely on the location, rather on level of compliance and quality of regulation in the place of residence
No, restrictions on non-EU actors are inappropriate.	restricting competition creates inefficiencies - normally impacting investors
No, restrictions on non-EU actors are inappropriate.	Restrictions are never an appropriate tool to solve fraud. Let the market decide who is trustworthy and who not. Fraudulent players will always find a way around any regulation and make the cost of participation for smaller players prohibitive, i.e. destroy the market and let the dominant players threaten the government with the "systemic risk" gun to save them.
No, restrictions on non-EU actors are inappropriate.	Restrictions may be appropriate when marketed to retail investors
No, restrictions on non-EU actors are inappropriate.	Restrictions on the quality of valuers would be appropriate, but in my opinion location is not a good proxy for quality
No, restrictions on non-EU actors are inappropriate.	restrictions serve to increase fees, reduce competition, and may potentially limit/restrict performance potential.
No, restrictions on non-EU actors are inappropriate.	restrictions should be based on quality and not on location.
No, restrictions on non-EU actors are inappropriate.	Restrictions should be related to the quality and transparency of valuers, depositories and portfolio managers not on the location.
No, restrictions on non-EU actors are inappropriate.	restrictions would harm the end investor.
No, restrictions on non-EU actors are inappropriate.	Restrictions would lead to inefficiencies and as a result higher costs.
No, restrictions on non-EU actors are inappropriate.	rules should be same as for any other offshore fund
No, restrictions on non-EU actors are inappropriate.	Same rules for all and open markets.
No, restrictions on non-EU actors are inappropriate.	Same treatment as long only funds
No, restrictions on non-EU actors are inappropriate.	Seems parochial. There are quality, experienced organisations everywhere.
No, restrictions on non-EU actors are inappropriate.	size of bananas was regulated in EU at some point of time, not sure it was good for consumers, no surprise funds are located in Luxembourg or Channel Islands, as they have the least requirements and government was not trying to over-regulate the industry
No, restrictions on non-EU actors are inappropriate.	sounds mercantilistic

No, restrictions on non-EU actors are inappropriate.	Such restrictions are blatant protectionism which will be met by retaliation.
No, restrictions on non-EU actors are inappropriate.	such restrictions would be pure protectionism. since David Ricardo we have known the benefits brought by free trade and comparative advantage. why should we support such a medieval protectionist measure now??
No, restrictions on non-EU actors are inappropriate.	The determination should be based upon the best capabilities, as opposed to location.
No, restrictions on non-EU actors are inappropriate.	The EU market for Alternative Investments should be open, not protected.
No, restrictions on non-EU actors are inappropriate.	The investing world is global. Any attempts by national or regional authorities to restrict the flow of commerce with regard to financial services are simply attempts to gain the power to wrest tax revenues from other jurisdictions.
No, restrictions on non-EU actors are inappropriate.	The key here is that the indep valuator must adhere to the procedures and regulations that apply for the jurisdiction where the fund is domiciled. Where the independent valuator is based shouldn't matter then.
No, restrictions on non-EU actors are inappropriate.	The location may not be so easy to monitor (ex. several sites, one formally set as the official, but branches actually operating outside the authorized area)
No, restrictions on non-EU actors are inappropriate.	The location of the independent valutors, depositaries, and portfolio managers is not crucial to the quality of their job - see Madoff.
No, restrictions on non-EU actors are inappropriate.	The politics behind these proposals are apparent and misplaced.
No, restrictions on non-EU actors are inappropriate.	The reduction of competition is not consistent with the improvement and upholding of standards.
No, restrictions on non-EU actors are inappropriate.	The regulation and the competence level on that subject are not homogeneous within the european union.
No, restrictions on non-EU actors are inappropriate.	the regulatory standards of the location should be comparable
No, restrictions on non-EU actors are inappropriate.	The true reason behind these restrictions is to protect the onshore industry from competition.
No, restrictions on non-EU actors are inappropriate.	There are many excellent managers, administrators etc in countries such as the US, Canada, Australia, Singapore.
No, restrictions on non-EU actors are inappropriate.	There can be honest and ethical valutors anywhere in the world. In this day and age, technology advances mean that our old ideas of location/country are outdated.

No, restrictions on non-EU actors are inappropriate.	There is an arrogance, which is unwarranted, in assuming everything outside the EU is sub-standard or inappropriate. Disclosure and market forces should be sufficient here. A separate, but critical issue, is the appearance of protectionism which is not in anyone's interest. Finally, EU investors need freedom of choice as much as anyone - why should they be cut-off from non-EU product?
No, restrictions on non-EU actors are inappropriate.	There is no case for additional restrictions on non-EU actors that would benefit EU investors. The important thing is that a level playing field is created allowing for the best trade off between ease of doing business and adequate oversight.
No, restrictions on non-EU actors are inappropriate.	There is no point from a task perspective but this is just a nice way to channel some business to a given set of countries (protectionism).
No, restrictions on non-EU actors are inappropriate.	There should not be ANY restrictions, no matter where the actors are located.
No, restrictions on non-EU actors are inappropriate.	these are only protectionist measures that bear no legitimacy. Why exclude Switzerland which by far has the longest experience in HF in Europe.
No, restrictions on non-EU actors are inappropriate.	These restrictions create market constraints and higher prices for the investor. This is a scam by the EU banks to not have to compete with non-EU groups. It's ironic that Madoff was a Luxembourg-based fund, but this highest cost domicile is now using Madoff as an excuse to outlaw more competitive domiciles. Hypocrisy and jingoism at its worst.
No, restrictions on non-EU actors are inappropriate.	This is a global economy. The EU should not be allowed to exercise protectionism
No, restrictions on non-EU actors are inappropriate.	This is just anti-competitive. Why on earth should we not use a US or Asian or any other counterparty. Like manufacturers or any other industry fund managers should be free to select who they view to be the best counterparties. Equally where is there any evidence that the failures last year were in anyway influenced by the "location" of agents?
No, restrictions on non-EU actors are inappropriate.	This is not needed provided managers and funds are subject to regulation and disclosure
No, restrictions on non-EU actors are inappropriate.	This is protectionism
No, restrictions on non-EU actors are inappropriate.	<p>This is protectionism (and will probably lead to countermeasures by the US), and does not fit with the international nature of finance. it will also impact returns for EU investors including pension funds.</p> <p>I am more in favour of general standards of care, and a requirement for third party custody/valuation. This may be limited to jurisdictions with appropriate minimum licensing requirements for custodians/administrators, but not limited to one single block such as the EU.</p>
No, restrictions on non-EU actors are inappropriate.	This is protectionism and economic populism at its worst.



No, restrictions on non-EU actors are inappropriate.	This is protectionism!
No, restrictions on non-EU actors are inappropriate.	This reeks of protectionism. I cannot think of any good reason other than if the non-EU country has lax regulation (see question 6).
No, restrictions on non-EU actors are inappropriate.	under the assumption that the regulation is unified in the EU the PM should be allowed to find the best service without restrictions related to location.
No, restrictions on non-EU actors are inappropriate.	Under the guise of "better regulation", this is in fact anti-competitive/ socialist-type proposals that are being proposed by the French and Germans.
No, restrictions on non-EU actors are inappropriate.	Unnecessary bureaucracy will not control risk. Intelligent regulation will. The banking industry was the most regulated industry on earth and it was totally ineffective.
No, restrictions on non-EU actors are inappropriate.	Violation of free trade agreements. Investors should be able to pick any party they want to act as depository, PM, etc.
No, restrictions on non-EU actors are inappropriate.	we are working in a world wide connected investment market
No, restrictions on non-EU actors are inappropriate.	We manage a fund which invests in Azerbaijan. According to Azeri law the custodian must be the stock exchange. Other markets are not served either by Western (EU or non-EU) custodians as they are simply too small. Clearly these countries benefit from Western investments in their development.
No, restrictions on non-EU actors are inappropriate.	Why discriminate, If there is enough transparency (incl. tax)?
No, restrictions on non-EU actors are inappropriate.	Why should the level of ability/professionalism (or lack thereof) be determined by location?
No, restrictions on non-EU actors are inappropriate.	You want best of breed players being able to participate irrespective of their location. Clearly though, they need to be qualified to participate.
No opinion	Depends on the nature of the restrictions.
No opinion	Depends on the restrictions.
No opinion	don't follow this question
No opinion	Don't want more concentration in US; credit rating agencies have shown themselves to be unworthy of their name and don't want more of the same.
No opinion	I don't know what you mean exactly, but I believe regulations should be placed at the international level.
No opinion	independent valuers should somehow be accountable and covered by a good legal system. Otherwise, no need to use this third party
No opinion	It depends on the quality of the independent valuers. It is unfair to penalize all of them.
No opinion	normally that should be done as apt of the due diligence of investors, which for alternative investments should be "sophisticated".

No opinion	pros and cons for capital mobility
No opinion	quality comes first
No opinion	see previous
No opinion	Should be regulated at country of sale. If home country prevents sufficient info or transparency then apply restrictions
No opinion	Suitable regulation and registration is more important than domicile.
No opinion	The EU have the right to do what they want within the EU. Why not the same question about the US. If the EU restricts investment opportunities too much, capital will flow elsewhere.
No opinion	There happened to be frauds even in the Ucit funds space (Ucit was specifically designed to avoid them, especially by means of the responsibility of the custodian, even if it sub-deposits to another custodian) and no central bank / regulator forced stupid custodians to pay subscribers immediately. Central banks and regulators have shown gross negligence and culpable connivance with banks (custodians). The whole Ucit structure has proved useless.
No opinion	This is too much of a leading question. Restrictions are appropriate but not on a EU-or-non-EU Basis.

Q6 Comments

What is your opinion on allowing access to the EU market by an Alternative Investment Fund and/or Manager from outside the EU (a "third country")?	Comments
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	(i) The EU does not have uniform standards so it is an in appropriate benchmark. (ii) The object is not job preservation for the EU
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	...for insti investors...
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	A distinction should be made for professional and retail investors. Professional investors should be allowed to invest where they want to. There is a terrible whiff of big brother knows best about this.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Access from a third country should be allowed if such products are authorised and registered in the EU
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Access should be allowed in the case AIF has an independed and well respected auditor inside EU.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Access should be allowed to professional investors irrespective of complying or not with the EU rules. I do not have an opinion on whether this should also apply to retail investors.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Access should be allowed, but the EU should ensure proper investor safeguards are put in place and that the investment funds comply with all regulatory controls and disclosure requirements.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	again disclosure and transparency are important
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Again. Protectionism
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	any fund marketed in the EU should be subject to MIFID regardless of home country regs
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Any restrictions creates market constraints and higher prices for the investor. This is a scam by the EU banks to not have to compete with non-EU groups. It's ironic that Madoff was a Luxembourg-based fund, but this highest cost domicile is now using Madoff as an excuse to outlaw more competitive funds. I also believe that a self-serving financial regulators would force unnecessary EU standards onto fund managers (e.g. depository bank requirements, admin rules, etc. that do not exist anywhere else in the world) that would in effect block non-EU funds; substantially raising prices and lower choices for EU investors.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	As long as appropriate disclosure is required, I don't think free trade should be restricted by prohibiting access to the EU market by funds/managers from outside the EU

Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	As long as they are required to observe the local regulations.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	As per previous comment, local and regulatory bodies attempts to restrict access to investors creates unanticipated negative consequences. Instead, authorities should require disclosure and allow institutional investors to decide for themselves. Retail investors should be protected by requiring certain standards be met by all Managers irrespective of domicile.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	At least funds sold to Professional Investors, they should have resources (either internal or external) to analyse all kind of investments. For retail funds, the regulation should be as good as in EU.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	But the third party must adhere to more strict law or regulation (EU or its country of origin).
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	buyer beware
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	By protecting Retail customers and requiring all funds to use EU based custodians, the major risks of AIFs can be addressed. The first choice above would be a political issue and not what we need which is EU control (jurisdiction) over products sold in the EU.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	caveat emptor
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Caveat emptor
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	caveat emptor should apply for institutional investors. arguably, retail investors might be more protected (but buy option 1 - option 3 is protection pure & simple & should not be countenanced)
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Caveat emptor.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Comparable standards may be required when marketed to retail investors
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Countries should be able to set consumer protection standards as they see fit
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Depends on the regulatory regime. For a private placement regime the only criteria should be reciprocity
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Domicile is irrelevant but the funds which market to retail investors should be regulated.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	free trade. let investors get the choice, they are responsible adults and can make a sober assessment in light of their experience and education.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Funds trading for private investors should regulated properly in the countries/markets where they are active

Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Have trouble understanding what benefits regulators really bring to a potential investment. Don't seem to prevent/detect fraud very well, so job of understanding risk/reward is not aided by them. Hence no difference if unregulated, except may get better reporting requirements from well regulated countries.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	However, appropriate disclosure should be mandated
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	I do feel that appropriate would be to publish list of countries with statement that regulation (and supervision) in particular country is or is not comparable to the EU standards. Then it is responsibility of an investor to decide if it is appropriate for her/him to make investment with a fund from particular country.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	I'm against limiting freedom of choice. Information on the "supervisory standards" of the fund should be mandatory.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	In my opinion a global solution and not an EU stand alone solution is needed. I think a better regulation for alternative investments is necessary, but restricting access is not the right solution.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Investors should be responsible for carrying out their own due diligence.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Investors should choose themselves whether they want to invest in a fund from a country with lower regulatory standards.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Investors should do their due diligence. If we make every thing plain vanilla we all get to loose.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	It is up to the buyer to determine what level of regulation they are comfortable with.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	it should be clear what the differences in regulatory regime are
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	My answer ifs for professional investors. Retail investors should remain restricted to EU regulated vehicles
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Professional investors should be able to make judgement of regulatory standards in the country where a fund is based.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Professional investors should live up to their name and judge every product on its merit.private investors should be protected and restrictions must apply.

Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Professional investors should not be unnecessarily restricted in their investment activity.  At the same time this should be a "two-way" street. If a non-EU country does not allow marketing of EU funds, then it is uncompetitive and unfair to allow funds registered in that country to market freely within the EU.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	provided the alien fund complies with EU standards
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Provided the regulatory and supervisory standards are applied to the investments made within the EU.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Retail access should be tightly restricted as retail investors cannot be expected to evaluate their counterparties in a sophisticated manner -- indeed I have reservations about alternative retail products. However professional investors should be treated as such and allowed to do their job, which is to hire the best manager. Any rules which restrict their choices are, in the end going to drive up costs and damage performance for the end clients.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	should be allowed as long it is regulated by domestic regulatory authority
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Standards abroad are irrelevant - teh AIF and/or manager should only be allowed to act in the EU when following EU standards
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	Stop trade barriers.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	The other route would be protectionist.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	The risk is reflected in the product and clients are as always required to their due diligence.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	There is no objectively valid reason for "protecting" professional investors from non-EU investment products.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	These products are aimed at sophisticated investors. if they are concerned about jurisdiction, they will insist on an appropriate one.  I would however be in favour of enhancing minimum requirements for licensing of custodians/administrators accross jurisdictions - note this should be a MINIMUM requirement - jurisdictions can go above this level and compete on that basis for fund business - if that is genuinely an issue then funds will domicile there.
Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	We are not in a nanny state. Just inform upfront that the regulatory safety net is different, and in which way.

Access from a third country should be allowed irrespective of the third country regulatory and supervisory standards.	with appropriate disclosures.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	avoid financial protectionism
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	access should be accepted if home country supervision is accepted by EU. this may be the case even is the standards are below EU standards.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Access should be subject to outside funds complying with EU regulatory policy.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Again, the EU can do what they want. This solution makes sense, but regulation rarely does.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	All the more reason not to impose too much limitations
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	As long as the EU (or future higher body) has some form of jurisdictional power over their regulatory agency / or them directly. They need to abide by the EU rules but in addition must be available to be sanctioned by the EU regulators in some manner or form.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	As long as the third country fund complies either through compliance with their local law or volutarily, it should be allowed. They should also have to agree to any disputes to be settled under some sort of common law (EU, or where the investors are located - whatever) not just thier own.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Disclosure is required.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	e.g., Switzerland or Norway are "non-EU actors"!!
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	even stronger like the duties for charterholders; the strictest rules are to be applied, no matter whether the Fund resides within the EU or outside
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Free competition.

Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	If marketing to retail, my answer is number 1. If marketing to institutional, my answer would be number 2. Retail investors expect effective guidance from regulators on what is safe and what is not, whilst institutions should be capable of making their own informed decisions.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	If the product is sold to retail investors.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	important to level the playing field
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	In a global marketplace, restrictions to a third country is neither feasible nor practical, as EU funds should and would like to be globally competitive.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	information sharing is also important for example risk disclosures
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	It gives more choices to EU investors at, generally, the same risk, provided the third country regulatory and supervisory standards are at least comparable to the EU.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	let's not penalize those under tighter regulations
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	No access from tax haven territories
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	One should not only look at regulation but also at effective enforcement of rules, as best illustrated by some recent prominent failures in the US.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Only if the funds are marketed to retail investors
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Only in circumstances where EU regulation is constructive.



Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	same basis of non alternative funds and reciprocity where standards are worth it.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	same level playing field-approach as described above...
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	Same rules for all and open markets.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	See 5.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	See above
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	See above.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	See comment for #5.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	so fine if it's a developed country. I am pretty skeptical about the Cayman Islands though.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	The administrative burden of registering to many different place around the world is very costly and distracting to many firms. Unfortunately, there are many very good firms that will never want to go through these registration because they are not large enough to justify the cost. However, these firms could greatly benefit from the added value of client diversification (geographically) and investors could benefit from greater choice of funds.
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	The supervisory and reporting requirements by EU market should add to the process of necessary "filtering out" some of the participants from outside the EU, which may impose extra risk for EU investors
Access from a third country should be allowed, provided the third country regulatory and supervisory standards are at least comparable to the EU.	they should report with EU standards
Access from a third country should not be allowed.	Interaction between regulators is not yet sufficient to rely on mutual recognition

Access from a third country should not be allowed.	Not allowing access from a third country would prohibit access to US managers, which would not make sense (more investors in EU, more financial assets & managers in the US)
Access from a third country should not be allowed.	Not unless the AIF/M has substantive physical presence within the legal reach of the fund investors' regulatory/legal domain.
No opinion	question is not clear. Too many variables - encompasses all of the above issues and more.

Q7 Comments

Do you think all types of Alternative Investment Funds (e.g., hedge funds, private equity, commercial property funds, non-UCITS retail funds) and/or their Managers should be regulated under the same set of rules, if at all?	Comments
No opinion	1 and 3 are the same in my opinion; rules have to be appropriate to the purpose of the fund; but a common set of basic rules is an indispensable must
No opinion	I don't think they should be regulated. Differentiation would be nice but is not achievable to create a 'social' benefit. More regulation is not the answer. Better use of info we already have and central clearing can do wonders for systemic risk mitigation.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	"Alternative Assets" is a useful bucket to describe "Other Investments"; they are by no mean homogeneous, and shouldn't be treated as such.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	A clearer differentiation should be made between funds marketed to professional investors and to retail investors. The definition of professional investors should be more strict.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Alternative funds cover too wide a spectrum in terms of asset liquidity, investment horizon, market capacity etc.. to be put under the same "basic" framework. Also differentiation should apply between funds sold to professionals versus retail funds
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Anything else would be narrow, naive and borderline irresponsible
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Differentiated frameworks could have a common basis but include specific requirements related to the markets targeted for instance (I see a difference between a long/short equity manager and a manager specifically dealing in the electricity markets).
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	funds with less than a set number of investors(10?) should be treated differently from funds with many investors. Do the regulators plan to restrict friday lunch club style funds run by 4 friends??
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	It is impossible to set unambiguous rules for all types of AIF because their nature is different (the structure i.e. open-end/closed-end, investments in futures, listed equity, bonds, derivatives, private equity etc...)
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	My answers specifically concern hedge funds. Real estate, Private Equity, Commodities can be useful in a portfolio context, as a small peercentage and provided there is proper regulation (no Far West).

No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	one size fits all is typically suboptimal
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Principles must be pretty broad across those types of funds. So they depend on the scope of "frameworks".
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	private equity is very different to hedge funds and require different rules
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	PROFESSIONAL INVESTORS ARE NOT CHILDREN, ALL IS DIFFERENT FOR RETAIL INVESTORS AND WHEN HF ASK FOR SAVINGS AT A GENERIC PUBLIC.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Regulation should be appropriate and RELEVANT to the fund. I do not want to have a fund that invests only in unquoted equity investments in, say, internet software hiring an architect, a town and country planning expert and a building surveyor
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Retail investors deserve special protections. Certain funds such as private equity are long term structures owning private companies that should be treated differently from firms that are transacting in the public markets.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	the border should be between financial markets and non-financial markets (real estate, private equities, ....)
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	The current directive is hugely disproportionate for some types of fund e.g. traditional investment trusts
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	The fund strategies vary significantly and cannot be regulated with one set of rules.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	the investment structures included in the alternative investment category are very broad and difficult to all include under one set of rules, hence it would be better with tailor-made rules per investment structure (hedge funds, private equity etc=
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	the one-size fits all approach is ridiculous given different investment properties, strategies and behaviours.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	There are differences between the types of Alternative Investment Funds in several respects so that differentiated rules and frameworks are appropriate.

No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	There is not much in common between an aggressive black box hedge fund, a conservative absolute value hedge fund and a German commercial real estate fund.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	these funds are very different and it the draft of the aifm directive is not suited at all to e.g. Private equity funds
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	This is really not the issue
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	Valuation policies and capital adequacy are relevant for hedge funds, have limited relevance for buyout funds, and are completely irrelevant for venture capital funds.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules and differentiated frameworks.	You can't necessarily house everything under one framework when the characteristics of each asset class are substantially different.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	A set of basic principles should apply to everyone and a subset of rules should be cast for each fund type.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	an infrastructure fund with real assets behind is definitely different from an fund of fund Hedge fund, isn't it ?
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Certain strategies require discretion of managers to disclose information which may be proprietary.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Different strategies need to be treated differently owing to different levels of volatility in the underlying instruments, different methods of portfolio construction and different degrees of market liquidity. The basic framework of regulating leverage, transparency, etc. can, however, be the same.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Fund that do not offer liquidity can be dealt with differently
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Given the variety of funds that are called alternative, it would make sense to distinguish between say private equity and real estate as, at the very least, they would be valued differently

No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	i hesitate between first and second. If better drafted could be the same rules...but due to diversity and size differentiated rules is easier....
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	ie. High Leveredge funds may be regulated/authorized under different rules
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	In other words, one ruler who sets the same basic framework and then, one specialized committee for each type of AIF (exchanging experience between them) while all will collaborate harmoniously.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	In practice, those rules, like UCIT3 rules provide such large room for interpretation, which makes the rules troublesome rather than useful.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Investment rules specific to fund type, but same rules for prevention of fraud
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Rules should fit the type of investment and mainly aim to improve transparency. Different frameworks would add too much to complexity, hence not help transparency.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Same framework is required to not letting leapholes open to gain regulatory advantage by changing the form of an instrument/ fund. Nevertheless there will be no "one-fits-it-all" rules.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	The FSA principles are an excellent basis for all fund management activity. Detail implementation is sufficiently different across RE, PE and HFs to make separate rules sensible, but the critical issue is that none of them are anything like banks and any attempt to regulate them as such is doomed.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	The general framework that aims to ensure well functioning markets, minimum level of investor protection, better transparency and stronger governance are relevant for all AIF's. The diversity of the different funds clearly show the need for an appropriately differentiated set of rules.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	The principles should be the same, the level of prescription in the rules should vary inversely with the level of sophistication of investors. Measures of risk, types of disclosure, etc. required need to be meaningful for different types of investment funds.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	The problem is who regulates what. The principle is good, the reality is ludicrous. Lawyers ticking boxes with no understanding about financial markets.

No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	The rules should be under a similar framework, working to protect investors but have specifics that relate to the type of fund or investment.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	the vehicles and instruments are so diverse that a one size fits all regulation is unworkable. There should be a statement of principles, a minimum standard of care, and a requirement that third parties perform certain functions. Beyond that there should be no blanket regulation.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	This question is hard to answer without detailed analysis.
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	too many different asset classes for same rules, but spirit must be the same
No, different types of Alternative Investment Fund and/or their Managers should be subject to appropriately differentiated rules within the same basic framework.	Why don't you ask the government to run the hedge fund for you. Just like they run public finances
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	All funds including traditional funds should be regulated using the same framework. Because traditional funds use derivatives/leverage too even if it is low they should be regulated on their use.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	And the less, the better.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	as much as possible with minor differentiation
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	But simpler rules for simpler funds (eg long only)
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Deviations should be by exception, when criteria are met (e.g. investors are only other funds).
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	equal playing field
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	fairness: same rules for the same players
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Global honesty.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	if at all

Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	If the framework focuses on disclosure, and ensuring managers and promoters can be made accountable to investors, the framework should be broad enough to accomodate most investment vehicles. If regulation seeks to be at a micro level, it cannot be flexible enough to accommodate different investment products without damaging the integrity of the products involved, restricting access unnecessarily or imposing unnecessary cost on investors, explicitly or through diminishing investment returns.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	If the rules aren't the same, this will leave room for regulatory arbitrage.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	impossible to differentiate on a consistent & practicable basis
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	In a global market place, rules should be the same for all actors! Otherwise actors should be restricted to their own local markets (for trading AND distribution!)
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	In my opinion, there is no real reason or justification for the differentiation of rules, except that some managers in some sectors want more regulatory freedom.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	in principle yes, adaptations will be necessary to accomodate the different nature of the underlying instruments and the different time horizons; the basic needs of the investor are the same: what do you own? etc..
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Marginal decision between the first two options. Support harmonisation on basis that the rules are principles-based ie not too prescriptive.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	One set of rules preempts risk of regulatory arbitrage.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Otherwise they will just define themselves as suits them best
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	regulation should be general and principle based
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Rules should be clear and correctly formulated for all investors, alternative or not.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	sauce for the goose, sauce for the gander
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Simplicity and consistency are teh best regulatory policies.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Simplicity, by introducing more extensive rules, but the same set for everyone?!?
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	The purpose is the protection of the customer and the set of rules equal between different funds



Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	The rules should be the same as any Asset Manager
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	The simpler the regulatory framework and the fewer the number of regulators, the better. It is clear that regulators need broader power.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	This is my main message. The rules about transparency, appropriate process and independent valuation should apply to all alike. There could then be diff rules for different types of entities w respect to portfolio concentration & other risks, leverage etc. Also there could be diff in reg w regards to Private / Inst Investors.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	This should include tradional funds as well.
Yes, all types of Alternative Investment Fund and/or their Managers should be subject to the same rules.	Yes but with the conditions that these rules are just the most basic ones (Such as the Prudent Investor Act or CFA Institute Code of Etics). The role of alternative investment funds is specific and it should not be undermined by overregulation. It is the investors responsibility to assess all risks before making an investment and "good" investors should not be punished by losing valuable investment instruments because of protection of "bad" investors.

## Demographic Profile of Respondents

Demographics	Total	
	Column %	Count
<b>CFA Charterholder Status</b>		
Charterholder	83%	1066
Non-charterholder Member	17%	213
Total		1279
<b>Buy/Sell Side</b>		
Buy Side	50%	645
Sell Side	9%	113
Buy Side / Sell Side	7%	86
Neither	22%	283
Not provided	12%	152
Total		1279
<b>Occupation</b>		
Academic - Dean	0%	0
Academic-Accounting	0%	1
Academic-Economics	0%	1
Academic-Finance	1%	8
Academic-Other	0%	0
Accountant/Auditor	2%	22
Actuary	0%	2
Appraiser	0%	0
Broker	1%	8
Budget Analyst	0%	0
Chief Administrative Officer / Chief Operating Officer	1%	8
Chief Executive Officer	3%	41
Chief Financial Officer	1%	12

<b>Chief Investment Officer</b>	2%	27
<b>Chief Marketing Officer</b>	0%	1
<b>Compliance Officer</b>	0%	3
<b>Consultant</b>	5%	66
<b>Corporate Financial Analyst</b>	3%	37
<b>Credit Analyst</b>	1%	7
<b>Custodian</b>	0%	0
<b>Economist</b>	0%	0
<b>Equity Sales</b>	0%	0
<b>Financial Advisor</b>	4%	45
<b>Fixed Income Sales</b>	0%	4
<b>Human Resource Professional</b>	0%	0
<b>Institutional Sales</b>	3%	33
<b>Insurance Underwriter</b>	0%	0
<b>Investment Banking Analyst</b>	5%	69
<b>IT Professional</b>	0%	3
<b>Journalist</b>	0%	0
<b>Lawyer</b>	0%	0
<b>Loan Officer</b>	0%	0
<b>Management Analyst</b>	0%	2
<b>Manager of Managers</b>	3%	41
<b>Marketing Manager</b>	0%	3
<b>Other</b>	3%	41
<b>Other Chief Executive</b>	1%	7
<b>Performance Measurement Specialist</b>	1%	10
<b>Portfolio Manager</b>	23%	299
<b>Private Banker</b>	2%	22
<b>Private Client Sales</b>	0%	6
<b>Product Development</b>	0%	2
<b>Public Relations</b>	0%	1

<b>Real Estate Broker</b>	0%	0
<b>Regulator</b>	0%	5
<b>Relationship Manager - Other</b>	0%	5
<b>Research Analyst</b>	11%	135
<b>Risk Manager</b>	6%	83
<b>Statistician</b>	0%	0
<b>Strategist</b>	3%	33
<b>Tax Preparer</b>	0%	0
<b>Trader</b>	2%	26
<b>Treasurer</b>	0%	2
<b>Wholesale Sales</b>	0%	5
<b>Not provided</b>	12%	153
<b>Total</b>		1279
<b>Country</b>		
<b>Albania</b>	0%	0
<b>Andorra</b>	0%	2
<b>Armenia</b>	0%	1
<b>Austria</b>	2%	29
<b>Azerbaijan</b>	0%	1
<b>Belgium</b>	1%	19
<b>Bosnia and Herzegovina</b>	0%	0
<b>Bulgaria</b>	1%	10
<b>Croatia</b>	0%	3
<b>Cyprus</b>	0%	6
<b>Czech Republic</b>	1%	12
<b>Denmark</b>	1%	18
<b>Estonia</b>	0%	1
<b>Finland</b>	1%	8
<b>France</b>	4%	53
<b>Georgia</b>	0%	0

<b>Germany</b>	11%	135
<b>Gibraltar</b>	0%	0
<b>Greece</b>	1%	14
<b>Hungary</b>	1%	8
<b>Iceland</b>	0%	0
<b>Ireland</b>	2%	26
<b>Italy</b>	3%	41
<b>Latvia</b>	0%	3
<b>Liechtenstein</b>	0%	0
<b>Lithuania</b>	0%	5
<b>Luxembourg</b>	2%	20
<b>Macedonia, The Former Yugoslav</b>	0%	0
<b>Malta</b>	0%	1
<b>Moldova, Republic of</b>	0%	1
<b>Monaco</b>	0%	1
<b>Montenegro</b>	0%	0
<b>Netherlands</b>	4%	48
<b>Norway</b>	1%	9
<b>Poland</b>	2%	30
<b>Portugal</b>	0%	6
<b>Romania</b>	1%	16
<b>Russian Federation</b>	2%	28
<b>Serbia</b>	0%	3
<b>Slovakia (Slovak Republic)</b>	0%	1
<b>Slovenia</b>	1%	7
<b>Spain</b>	3%	39
<b>Sweden</b>	0%	6
<b>Switzerland</b>	20%	258
<b>Turkey</b>	0%	5
<b>Ukraine</b>	0%	2

<b>United Kingdom</b>	32%	403
<b>Total</b>		1279
<b>Primary Investment Practice</b>		
<b>Commodities</b>	1%	16
<b>Derivatives</b>	5%	62
<b>Equities</b>	27%	346
<b>Fixed Income</b>	13%	160
<b>Foreign Currency</b>	1%	12
<b>Hedge Funds</b>	9%	109
<b>Indexed</b>	1%	9
<b>Private Equity</b>	7%	87
<b>Real Estate</b>	3%	32
<b>Structured Products</b>	3%	34
<b>Venture Capital</b>	1%	14
<b>Other</b>	4%	57
<b>Not Applicable</b>	14%	175
<b>(blank)</b>	13%	166
<b>Grand Total</b>		1279