



Newsletter – January 2017

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New Members of HFSB APAC Committee

This month the HFSB welcomed George Long, Founder, Chairman & CIO of LIM Advisors, and Danny Yong, Founding Partner and CIO of Dymon Asia Capital, to its APAC Committee. The HFSB's APAC Committee was established in June 2016 with APAC-based representatives from Albourne, CPPIB, Future Fund, GIC and PAG. The Committee directs the HFSB's activities in the Asia-Pacific region, including assisting with the HFSB's dialogue and relationships with regulators, managers and investors, and ensuring that Asia-Pacific regional and local issues and needs are addressed as the HFSB develops standards and guidance.

Please click here to see [the press release](#).

HFSB in Geneva and Helsinki

Geneva – Focus on liquid alternatives

The HFSB held its 4th Institutional Investor Roundtable in Geneva in collaboration with Unigestion, which was attended by over 30 key industry participants. One of the panels focused on liquid alternatives (Old Mutual, Unigestion) and specifically explored the risk/return profile of style premia* strategies and investor considerations [*style premia: sources of return associated with particular investment styles (value, momentum, ...), backed by economic theory/data].

A group of leading CTA managers (Amplitude Capital, Quantica Capital, Systematica Investments) touched upon the topics of the "arms race" for big data and the application of machine learning and artificial intelligence in asset management. A representative of CERN Pension Fund discussed their 2017 investment priorities. The opening remarks were provided by a representative of the Swiss Financial Market Supervisory Authority (FINMA), who gave an overview of regulatory developments, the role of UCITS products in the Swiss market place and its current areas of focus, including liquidity risk.

We would like to thank all the speakers for their invaluable contribution to the discussions. We also would like to take this opportunity to thank our long-term Core Supporter, Unigestion, for hosting our event.

Helsinki - Focus on responsible investments



This month the HFSB also held its 4th Annual Nordic Institutional Investor Roundtable in Helsinki. This gathering brought together leading Finnish investors, as well as prominent asset managers. The first panel, which included speakers from Man GLG, Unigestion and Varma Mutual Pension Insurance Company, focused on responsible investments in hedge funds, how investors conduct responsible investment due diligence on managers and the applicability of responsible investment to equity vs. non-equity strategies. The second panel, with speakers from Carlson Capital, Elo Mutual Pension Insurance Company, Ferd and The State Pension Fund (VER), discussed investment priorities and shared their views on different strategies for 2017 and how investors assess alpha. The opening remarks were provided by Ilkka Harju, Director of the Financial Market Department of the Finnish Ministry of Finance. He provided his perspective on EU Capital Markets Union and the changing power balance in the European project following Brexit.

The event was attended by over 35 Nordic investors and international managers, including HFSB stakeholders from the US, the UK and Switzerland. The HFSB would like to thank Varma for hosting the event and the speakers for their contribution to this important debate.

HFSB responds to the Canadian Securities Administrators' (CSA) Notice on Modernization of Investment Fund Product Regulation – Alternative Funds

Last September, the CSA published a notice and request for comment on modernization of investment product regulation – alternative funds. The mandate of the Modernization Project has been to review the parameters of product regulation that apply to publicly offered investment funds (both mutual funds and non-redeemable investment funds) and to consider whether (i) the current regulatory approach sufficiently addresses product and market developments in the Canadian investment fund industry and (ii) the current approach continues to adequately protect investors.

The HFSB welcomed the CSA's efforts to develop a more comprehensive framework for publicly offered alternative funds. In its response letter, the HFSB focused on the CSA's proposed approach to leverage in investment funds and outlined the HFSB's analysis of different leverage measures. These also were included in the HFSB's response to the Financial Stability Board consultation on vulnerabilities in asset management in June 2016.

Please click here to see the [response in full](#).

Upcoming events

- 28 February, Austin, Texas: HFSB Chairman, Dame Amelia Fawcett, will speak at
 - Leadership Breakfast for Women in Finance
 - Texas Hedge Fund Conference
- 6 March, Toronto: HFSB Information Session and Institutional Investor Roundtable
- 7 March, New York: HFSB Panel at the AccessAlts Asia Global Hedge Fund Summit
- 10 March, London: HFSB will host a delegation of the Japan Securities Dealership Association
- 6 April, Hong Kong: HFSB Institutional Investor Roundtable (tbc)
- 25 April, HFSB Panel at GAIM Ops Cayman Conference
- 26 April, Los Angeles: HFSB Chairman, Dame Amelia Fawcett, will speak at Institutional Investor Public Funds Roundtable
- 27 April, San Francisco: HFSB Institutional Investor Roundtable
- 2 May, Melbourne: HFSB Institutional Investor Roundtable
- 3 May, Sydney (title tbc)



The full event schedule is available [here](#).

SEC's Examination Priorities for 2017

The U.S. Securities and Exchange Commission [announced](#) on 12 January its Office of Compliance Inspections and Examinations' (OCIE) 2017 priorities. The OCIE has oversight responsibility for a variety of entities, including broker dealers, investment advisors to private funds and others. The OCIE's approach is increasingly data-driven and risk-based, as was highlighted by Marc Wyatt, Director of OCIE, during his presentation at the [HFSB Institutional Investor Roundtable](#) hosted in Washington D.C. in September 2016.

As for private fund advisors, the focus will be on *"conflicts of interest and disclosure of conflicts as well as actions that appear to benefit the adviser at the expense of investors"*; an area that the HFSB extensively covered in 2015/2016 as part of its [consultation paper CP4 \(managing conflicts of interest\)](#).

In the area of "market-wide risks", cybersecurity remains a high priority with focus on *"testing the implementation of procedures and controls"*. The HFSB's [Toolbox Memo on Cybersecurity](#) provides robust guidance to asset managers seeking to strengthen their resilience to cyber threats. The HFSB also has pioneered cyber-attack simulation exercises for asset managers and will continue its participation in the cyber security debate with managers, investors and regulators worldwide. The first cyber event in 2017 will be held in New York on 8 March 2017. The HFSB also has been invited to participate in a roundtable discussion to be hosted by the Canadian Securities Administrators next month to discuss issues related to cyber security and opportunities for greater collaboration, communication and coordination in the event of a cyber security incident.



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