

NEWS RELEASE

September 15, 2004

ICI Expresses Support for Registration of Hedge Fund Advisers, September 2004

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“Commission’s proposal is the right approach at the right time”

Washington, DC, September 15, 2004 - The Investment Company Institute today said that the public interest will be advanced by the SEC requiring hedge fund advisers to register under the Advisers Act and by giving the SEC, for the first time, the ability to inspect all hedge fund advisers.

ICI General Counsel Elizabeth R. Krentzman stated in the [comment letter](#) that the “Commission’s proposal is the right approach at the right time.” It will provide the nation’s securities regulator with “ready access to reliable, current, and complete information about the hedge fund industry to enable it to monitor the activities of participants in this large, important, and growing segment of the securities market.”

The hedge fund industry has grown to nearly \$1 trillion and is intertwined with every sector of the capital markets, including mutual funds. Registration, Krentzman said “will enable the Commission to proactively address – not reactively respond to – potentially fraudulent activities in the hedge fund arena.”

All of the ICI’s investment adviser members are registered with the Commission – and many of these advisers also operate hedge funds. Krentzman said that registration is not overly burdensome and does not interfere with investment activities, “Far from being draconian, the Commission’s proposal is a measured and appropriate response to address the risks that hedge funds pose to the securities markets and participants in those markets.”