

## NEWS RELEASE

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# ICI Commends SEC for Hedge Fund Report, September 2003

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Washington, DC, September 29, 2003 - The following is a statement from Investment Company Institute President Matthew P. Fink:

“We commend the SEC staff for its thoughtful [report](#) and the rigorous evaluation of hedge fund business practices that preceded it. We strongly endorse the Report’s call to require most hedge fund advisers to register with the SEC. We also support the Report’s call to consider enhancing disclosure and valuation requirements for registered funds of hedge funds. The fact is that as hedge funds became larger, serious problems proliferated. We agree with Chairman Donaldson—meaningful SEC regulatory authority to oversee and monitor hedge fund operations is a step whose time has come.

“Fundamental differences between hedge funds and mutual funds will continue even if the SEC adopts new regulatory requirements. Maintaining awareness of these differences is essential. We therefore remain skeptical that relaxing strict SEC regulations so that mutual funds can adopt hedge fund-like investing techniques will benefit average investors. Similarly, we are concerned about the suggestion that one of the only existing hedge fund restrictions—the requirement that hedge funds offer their shares privately—could be repealed. No investor should ever be inadvertently drawn to a hedge fund investment.”

### Related Links

- [ICI Chief Economist's Analysis re Shortcomings in Hedge Fund Performance Reporting](#), July 2003
- [ICI Supports Additional Protections for Hedge Fund Investors](#), May 2003
- [ICI Statement on the SEC Roundtable on Hedge Funds](#), April 2003
- [The Differences Between Mutual Funds and Hedge Funds](#), April 2001