



Hedge Fund Association Calls Repeal of Advertising Ban “Action Whose Time Has Come”

Endorsement Follows President Barack Obama’s Signing of the JOBS Act

New York, NY - April 5, 2012 – The Hedge Fund Association, an international organization that represents hedge funds, service providers and investors, today praised President Barak Obama for signing the Jumpstart Our Business Startups (JOBS) Act and provisions in it that will allow hedge funds to advertise responsibly to investors through normal channels. Emerging manager hedge funds are expected to benefit from the new law, according to the Hedge Fund Association (HFA).

“This is an action whose time has come,” said Mitch Ackles, president of the Hedge Fund Association. “Now that many hedge fund managers are required to register with the SEC, the strongest reason for the ban on hedge fund advertising has been removed. Second, information about hedge funds is ubiquitous because of the internet, websites and the media,” he added.

Hedge funds have been banned from soliciting or advertising their private offerings to the general public in exchange for being exempt from having to register their interests or shares with the Securities and Exchange Commission under Rule 506 of Regulation D. The lack of a clear definition of a solicitation has created confusion about what hedge fund managers can disclose in their marketing materials, at conferences or in the media.

It is expected that hedge funds will be allowed to advertise shortly after the Securities & Exchange Commission adopts final rules, which is expected to occur within 90 days of the signing of the JOBS Act. However, hedge funds will still be restricted to selling their securities to accredited investors such as individuals with a minimum \$1 million net worth and qualified institutional investors (companies that manage a minimum \$100 million in assets).

Lifting the advertising ban is expected to benefit registered, emerging manager hedge funds whose size has made it difficult to reach investors despite studies that show small hedge funds outperform large ones.

“While the JOBS Act represents a great step forward, there will likely remain some significant restrictions on what hedge funds are allowed to say. As a result, fund managers will still need to be sure their communications are compliant,” cautioned Ron Geffner, the Hedge Fund Association’s Vice President and a partner at the law firm Sadis & Goldberg. Geffner said managers will likely be restricted from conducting a general solicitation unless they are registered as an investment adviser, either with the SEC or a state regulator.

“Still, managers can breathe easier knowing they can speak more freely,” Geffner added.

About The Hedge Fund Association

The Hedge Fund Association (www.thehfa.org) is an international not-for-profit organization made up of hedge funds, funds of funds, family offices, high net worth individuals and service providers. In the U.S., the HFA has chapters in the Northeast, Southeast, Midwest and on the West Coast. Internationally, the HFA has expanded to include chapters in Europe, Latin America and the Cayman Islands. HFA works on behalf of the entire hedge fund industry, including an estimated 9,523 hedge funds in the U.S. and abroad which collectively manage about \$2.02 trillion in assets, as well as sophisticated investors and industry service providers.

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