



A Division of O'Connor Davies Munns & Dobbins LLP

Monthly *Foot* Notes

December 11, 2009

New Rules For American Financial System, Are You Ready?

Today, the House of Representatives passed historic new legislation to modernize America's financial rules. The bill passed by a vote of 223-202, and includes provisions for hedge fund registration and the regulation of derivatives. Once signed into law, this bill will introduce some tough new regulations into the financial system to help protect Americans from another financial meltdown.

A few highlights include regulation, for the first time ever, of the over-the-counter (OTC) derivatives marketplace. Under the bill, all standardized swap transactions between dealers and "major swap participants" would have to be cleared and traded on an exchange or electronic platform. The bill defines a major swap participant as anyone that maintains a substantial net position in swaps, exclusive of hedging for commercial risk, or whose positions create such significant exposure to others that it requires monitoring. The bill also requires almost all advisors to private pools of capital to register with the SEC, and they will be subject to systemic risk regulation by the Financial Stability regulator.

O'Connor Davies Financial Services (**ODFS**) can help. Our broad offerings and expertise in the investment advisor compliance area can help you establish and implement an effective, thorough and sustainable compliance program. Our investment professionals have a rare combination of accounting and Wall Street experience. We truly understand the impact of a changing regulatory environment on your business dynamics. We are in a unique position to provide value-added compliance services at a cost effective price. See our compliance service listing at www.odfsconsulting.com.

Hedge Fund Assets Above \$2 Trillion

HedgeFund.net released information on Tuesday that total industry assets increased 3.4 percent last month to \$2.037 trillion. In November, positive performance added \$40.5 billion and investor inflows added another \$26.3 billion, for the seventh consecutive month of investor inflows.

Hedge Fund assets are still \$900 billion below the peak set in the second quarter of 2008.

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