

**“Modernizing” The Regulation Of  
Financial Services And Products: Implications  
For The Insurance And Fund Industries**

**(May 27, 2009)**

Many proposals have recently been made to address perceived inadequacies in the regulation of various aspects of the financial services industry. The intent of such proposals is generally to modernize such regulation and address problems that have contributed to the current economic situation.

This Bulletin is one of a continuing series of analyses that is being prepared by Jordan Burt LLP’s Task Force on Modernizing Financial Services Regulation. This Bulletin discusses certain of the most significant implications of current proposals for the insurance (including reinsurance) and fund industries.

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## **I. INSURANCE (INCLUDING REINSURANCE)**

With the enactment of the McCarran-Ferguson Act in 1945, the federal government reserved the regulation of the business of insurance to the states. Proposals for the regulation of the insurance industry since that time generally have been limited to the introduction of legislation providing for an optional federal charter for insurance companies. Bills containing this proposal have not received substantial support. In the current environment, there have been conceptual proposals made for more extensive regulation of insurance companies and the business of insurance. The potential impact of such concepts, were they to be enacted into legislation, would be substantial and far reaching for the insurance industry.

The reinsurance industry has historically been largely unregulated. In the past two years, the National Association of Insurance Commissioners (“NAIC”) has worked on proposed regulation of reinsurance which started with the regulation of collateral requirements for reinsurance written by foreign reinsurers, but which expanded to a more comprehensive regulatory scheme for foreign reinsurers. Some of the proposed federal regulatory concepts outlined below would have an impact on the reinsurance industry.

### **A. Optional Federal Insurance Charter**

Discussions of the potential impact of federal regulation on the insurance industry frequently start, and finish, with a discussion of an optional federal charter for insurance companies. While in prior years this proposal has not gone far in the legislative process, there is speculation that, given the current push towards increased federal regulation of the financial services industry generally, this proposal may advance more readily in the current session of Congress. H.R. 1880 contains a number of provisions for the regulation of insurance, including a proposal for an “optional” federal charter for insurance companies. Although such proposals have in the past provided for companies to elect whether to have a federal charter, current proposals provide that insurance companies which are deemed by the government to be of sufficient importance to the national economy would be required to be federally chartered, subject to the regulation of such companies by a federal insurance regulator.

The extent to which federally-chartered insurers would be regulated is unclear. Federal regulation might be less comprehensive than existing state regulation, and it is possible that federal regulators would regulate only a portion of the business of insurance, leaving other portions to the continued regulation by the states. Such a bifurcated regulatory structure might result in inefficiencies, inconsistencies and ineffective regulation. A report issued by Promontory Financial Group, a financial services consulting company, in February 2009

analyzes the potential structure, cost and operations of such a federal insurance regulator.<sup>1</sup> The report was commissioned by the American Council of Life Insurers, the American Insurance Association and the Financial Services Roundtable. The report suggests that such a regulator would exercise limited regulatory functions and be a relatively modest agency of approximately 2,390 full time staff.

There are frequent statements, seemingly several each week, from current and former state insurance commissioners and the NAIC, touting the value of the existing state regulatory structure on several grounds: (1) it is comprehensive and staffed by experienced professionals; (2) the fact that companies are subject to regulation by multiple state insurance departments increases the chance that improper operations or activities will be spotted and stopped; and (3) there is a “danger” in giving companies an opportunity to select their own regulator, the thought being that they will select the regulatory option that is the least comprehensive and that gives them the maximum amount of independence and the minimum amount of effective regulatory supervision. Expect a fierce turf battle as this issue matures into pending bills.

## **B. Systemic Risk Regulation Proposed for Insurance Companies**

The earliest conceptual outline for federal regulation of the financial services sector of the economy is “The Department of the Treasury Blueprint for a Modernized Financial Regulatory Structure” (March 2008) (“the Treasury Blueprint”),<sup>2</sup> which contains suggestions covering many of the areas of this Bulletin. Many have suggested that the current economic difficulties resulted, at least in part, from “systemic risks” in the economy, which were unregulated or inadequately regulated. Systemic risks are generally considered to be risks of serious adverse effects on economic conditions or financial market stability. This might include, for example, risks arising from credit default swaps and sub-prime loans.

The “solution” for such problems is said to be adequate regulation of the activities giving rise to systemic risks in the public interest. The Treasury Blueprint proposes a systemic risk or market stability regulator. Although one might think that the majority of the “systemic risks” that contributed to our current economic problems were in the areas of lending and securities, some proposals include the insurance industry within the scope of these problems, even though insurance transactions, and insurance companies, have been heavily regulated by the states for many years. The bail-out of AIG is pointed to by some as evidence of a need for additional regulation in the insurance industry, even though it is frequently pointed out in response that AIG’s financial problems arose out of its non-insurance operations, which were not subject to

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<sup>1</sup> A summary of the report may be found at <http://www.promontory.com/NewsAndResources.aspx>; the full report may be found at <http://promontory.com/assets/0/78/110/112/d3a1a1f8-90cc-4e56-aafd-69a4d557bd10.pdf>.

<sup>2</sup> The Treasury Blueprint may be found at <http://www.treas.gov/press/releases/reports/Blueprint.pdf>.

regulation by state insurance departments..

H.R. 1880,<sup>3</sup> provides that all state and federal insurance regulators would furnish information about the insurance companies that they regulate to a systemic risk regulator. The systemic risk regulator would have the ability to direct that steps be taken to mitigate or avoid any conduct by an insurer or its affiliate that would present systemic risks. Although H.R. 1880 contemplates the appointment of a systemic risk regulator, it does not prescribe who that regulator should be.

Nevertheless, under H.R. 1880, it is clear that the systemic risk regulator would have jurisdiction over state-regulated insurers, as well as any insurers that have elected a federal insurance charter. Moreover, if the systemic risk regulator (in consultation with the federal insurance commissioner for federally chartered insurance companies) determines that an insurer is systemically important, they could require the insurer to be federally chartered, eliminating the “optional” character of federal regulation of insurance companies.<sup>4</sup>

S. 664 and H.R. 1754<sup>5</sup> are related bills that would establish a “financial stability council” that would perform the role of a systemic risk regulator with respect to most types of financial institutions. This could include collecting information about and prescribing rules concerning many activities that insurance companies may conduct, in order to prevent systemic risks. Such regulatory authority would extend to all insurers, whether state or federally regulated.

### **C. Federal Insurance Office**

A number of proposals have been made for some form of federal insurance office, which would exercise federal regulation or policy jurisdiction with respect to the insurance industry. For example, H.R. 1880 would establish an Office of National Insurance which would be responsible for administering the system of optional federal regulation of insurance provided for in that bill.

Proposals have also been made for a federal insurance office that would have certain additional responsibilities. For example, the Treasury Department has proposed the creation of an Office of Insurance Oversight, which we discuss in more detail below. Certain new regulatory authority would be granted to this office, including authority (together with the NAIC)

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<sup>3</sup> H.R. 1880 may be found at [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:h1880ih.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1880ih.txt.pdf).

<sup>5</sup> S. 664 may be found at <http://www.thomas.gov/cgi-bin/query/z?c111:S.664>. H.R. 1754 is identical to S. 664.

to address international insurance regulatory issues as relevant to state-regulated insurers (as well as any federally-regulated insurers).

There are no bills currently pending which provide for the type of Office of Insurance Oversight contemplated by Treasury, and the ultimate scope of the responsibilities of such an office is unclear. We expect that this proposal will proceed at some point, however, perhaps in conjunction with federal insurance charter legislation. State-regulated insurers may be affected by such legislation.

#### **D. Proposed New Federal “Resolution” Authority that Could Affect Insurance Companies**

The collapse or near collapse of several large financial service companies (including AIG) has prompted proposals for enhanced federal powers to respond to liquidity or solvency problems at such companies. The assumption is that, if a company presents such systemic risks that it cannot be allowed to fail, the federal government should have at its disposal a broad range of remedial actions to “resolve” the problem. While bank and insurance regulators commonly have extensive resolution authority of this type, regulators of many other types of financial service companies do not. This means, for example, that, if it becomes necessary or desirable to liquidate or restructure a financial services company, it may be necessary to rely on a bankruptcy proceeding, rather than on a specialized resolution process that is better tailored to institutions that present systemic risks.

To remedy this perceived deficiency, the Treasury has floated a draft bill titled the “Resolution Authority for Systematically Significant Financial Companies Act of 2009,”<sup>6</sup> which would give the Secretary of the Treasury and the FDIC exceedingly broad powers to resolve problems at various types of financial services companies, including insurance holding companies. This authority would extend to all aspects of the operation and financial solvency of such holding companies, up to and including, potentially, liquidation. Although this bill applies such regulation to holding companies it does not in so many words apply directly to an insurance company that is within such a holding company. Nevertheless, it does not take much imagination to foresee regulation of insurance holding companies also having a substantial impact upon the well-established regulation by the states of the solvency of insurance company subsidiaries or upon the regulation of business practices and transactions which may have a significant effect upon the financial health of such subsidiaries.

#### **E. Federal Tax Changes for Reinsurance Premiums**

The Senate Committee on Finance has exposed for comment a proposed bill (as yet not

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<sup>6</sup> This proposed bill may be found at <http://www.ustreas.gov/press/releases/reports/032509%20legislation.pdf>.

introduced) that eliminates a federal corporate tax deduction for “excess” reinsurance premiums.<sup>7</sup> The purpose of this proposal is to prevent U.S. insurance companies from shifting income to affiliated offshore reinsurance companies to avoid the payment of federal income tax. This proposal has drawn widespread opposition. Over 50 comments have been submitted to the Committee’s Web site.<sup>8</sup> The comments come from individuals, law firms, trade associations, companies, Germany, Switzerland and the European Union. Given President Obama’s public statement criticizing foreign “tax havens,” we think it likely that this bill will proceed in some form.

## **F. Reinsurance Companies and Reinsurance Collateral**

There is a battle developing over competing proposals for the regulation of reinsurance companies and rules for collateral for reinsurance transactions.

### *NAIC Initiatives*

Several years ago, the NAIC’s Reinsurance Task Force, operating under the Financial (E) Committee, began considering changing the requirements for the posting of collateral for reinsurance transactions so that such requirements would be based upon the financial strength of the reinsurers. This NAIC initiative was prompted in part by criticism that the US collateral requirements discriminated against non-US domiciled reinsurers, and that the regulation of reinsurance should be based on the model emerging in the European Union, which is based upon the financial strength of reinsurance companies.

In approximately March 2007, the NAIC expanded its consideration to include “modernizing” the regulation of reinsurance companies by providing for a single state regulator for both U.S. and foreign-domiciled reinsurers. Although the NAIC has traditionally implemented its regulatory proposals through model acts and model regulations adopted by the states, it has recently proposed a federal bill as the way to implement its modernization framework.<sup>9</sup> The NAIC’s Reinsurance Regulatory Modernization Act of 2009 was exposed for comment by the Reinsurance Task Force through April 23, 2009 and has not yet been introduced in Congress.

NAIC proposed legislation provides for a regulatory structure, which would be overseen

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<sup>7</sup> The text of the proposed bill, and a staff summary of the proposal, may be found at <http://finance.senate.gov/sitepages/techcorrections.htm>.

<sup>8</sup> See <http://finance.senate.gov/sitepages/Reinsurance%20Documents.htm>.

<sup>9</sup> This bill may be found at [http://www.naic.org/documents/committees\\_e\\_reinsurance\\_fed\\_legislation\\_draft.pdf](http://www.naic.org/documents/committees_e_reinsurance_fed_legislation_draft.pdf).

by a nonprofit corporation—the Reinsurance Supervision Review Board—that would be owned by or affiliated with the NAIC and whose board of directors would be composed of state insurance commissioners. In addition, the state that is the designated regulator for each reinsurance company would be responsible for setting the financial rating of the company and implementing collateral requirements for reinsurance transactions.

### *Treasury Proposal*

The Treasury Blueprint calls for the establishment of an Office of Insurance Oversight within Treasury, one of the express purposes of which would be “to address international regulatory issues, such as reinsurance collateral.” The Office of Insurance Oversight would: (1) be the lead regulatory voice in the promotion of international insurance regulatory policy for the U.S.; (2) recognize international regulatory bodies relating to insurance; and (3) ensure that the NAIC and state insurance regulators achieve the uniform implementation of the declared U.S. international insurance policy goals.<sup>10</sup> There are no findings or discussion in the Treasury Blueprint as to what caused this issue to be selected for federal regulation, or whether the Treasury identified this issue as presenting some level of systemic risk for the national economy.

### *Jurisdictional Tension*

Under the Treasury proposal, the federal government would be the driving force behind the regulation of reinsurance collateral, with the NAIC and the states being relegated to implementing such proposals. The NAIC’s Reinsurance Regulatory Modernization Act of 2009, however, preserves and further develops state control over this regulatory process, and thus runs counter to concepts in the Treasury Blueprint. There appears to be a turf battle developing in this area.

## **II. MONEY MARKET FUNDS**

### **A. The Ticking Clock**

September 18, 2009 represents a potentially significant date for money market funds. That date marks the expiration of the Treasury Department’s temporary program for guaranteeing certain investments in money market funds, and there is no indication that the program will be further extended.

Subject to limits and conditions, the Treasury Department’s temporary program protects investors against losses with respect to their investments in money market funds that participate

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<sup>10</sup> Treasury Blueprint at 11.

in the program. However, the program provides this protection only to amounts that the customer had invested in the money market fund as of September 19, 2008.

Despite its limitations, the Treasury Department temporary guarantee program has probably helped to reduce the threat of the disorderly and massive redemptions such as rocked the money market fund industry last autumn. Other government programs also have been providing at least indirect assistance to money market funds, such as federal guarantees of certain corporate commercial paper in which money market funds may invest.

As the Treasury Department temporary guarantee program, as well as other helpful government programs, terminate or wind down, money market funds will increasingly be left to stand or fall on their own. And some concern exists that these funds may again become vulnerable to the types of problems they experienced last autumn. Moreover, the current environment of very low short-term interest rates (particularly U.S. Treasury rates) only further increases the difficulty of attracting and retaining investors in money market funds and operating such funds in a manner that is profitable both for investors and fund sponsors.

Accordingly, widespread agreement now exists that money market funds should take steps to, among other things, enhance their “resiliency” and thus promote investor confidence going forward. Treasury Secretary Geithner, for example, has recently given Congressional testimony to that effect. Also, a Money Market Fund Working Group of the Investment Company Institute has issued a detailed Report (discussed further below) that makes numerous recommendations, most of which contemplate new SEC rule making.<sup>11</sup> Nevertheless, even before the SEC acts, the ICI is encouraging money market funds to voluntarily implement as many of the Report’s recommendations as possible by September 18. And many funds are in the process or have already done so.

Reform for money market funds is also a top priority item for the SEC, and SEC officials have indicated that they expect such reforms to be considered next month. It is not clear, however, whether the SEC will be able to take final action on new rules by September 18.

## **B. The ICI Working Group Report**

To date, the most thoughtful and comprehensive set of proposed reforms for money market funds is that set forth in the ICI Working Group Report. While substantive and significant, the recommendations of that Report for the most part represent merely an expansion and elaboration of currently-applicable regulatory principles and concepts. For example, the ICI proposals contemplate tightening, in numerous respects, the procedures and investment standards that money market funds follow to ensure that the instruments in which they invest are low risk

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<sup>11</sup> The Report of the ICI Money Market Fund Working Group may be found at [http://www.ici.org/pdf/ppr\\_09\\_mmmwg.pdf](http://www.ici.org/pdf/ppr_09_mmmwg.pdf).

and have adequate liquidity and to ensure that investors have adequate disclosure about such matters.

The reforms proposed in the ICI Report probably would somewhat enhance the stability of money market funds, while slightly increasing fund operating expenses and decreasing returns to investors. These reforms, however, do not represent any fundamental change in the nature of a money market fund. Ultimately, more radical changes may be in the offing.

### **C. The SEC Response**

Although the SEC staff has stated that the ICI Report is “a good “starting point,” the SEC likely will be proposing money market fund reforms that differ in some significant respects from the Report’s proposals. For example, the Report proposes that a money market fund’s board be permitted to:

- Suspend redemptions of a fund’s shares for up to five days if the fund’s per share net asset value has broken (or is reasonably believed to be about to break) a dollar and
- Suspend redemptions in connection with adopting a plan of liquidation.

By contrast, senior SEC staff seems predisposed, at least in theory, to require funds to continue to honor redemption requests, even if at prices less than a dollar per share.

Indeed senior SEC officials have questioned the extent to which the very concept of a money market fund’s maintaining a constant net asset value per share remains viable. For example, in a recent speech,<sup>12</sup> The director of the SEC’s Division of Investment Management extolled the potential advantages if money market funds priced their shares at ten dollars (rather than one dollar), which would make the per share price more likely to change in response to changes in the value of the fund’s portfolio. Similarly, in a recent speech, the Chairperson of the SEC has stated that the agency is considering whether floating rate net asset values for money market funds would better protect investors from potential abuses and runs on the funds.<sup>13</sup>

### **D. Insurance for the Benefit of Money Market Fund Customers**

Clearly, any erosion of money market funds’ ability to maintain a constant net asset value per share would be momentous and potentially threaten the viability of the money market fund concept.

For that and other reasons, some have considered the advisability of a permanent program of insurance in favor of money market fund investors. Such insurance might resemble the

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<sup>12</sup> This speech may be found at <http://www.sec.gov/news/speech/2009/spch040209ajd.htm>.

<sup>13</sup> The Chairperson’s remarks were included in a speech that may be found at <http://www.sec.gov/news/speech/2009/spch050409mls.htm>.

current Treasury Department temporary guarantee program or it might take some other form. In any event, such insurance would place money market funds in more direct competition with insured bank deposits; and questions would arise as to the manner in which the cost of such insurance would be assessed against money market funds and to what additional regulation funds should be subject (including, for example, regulation by the entity that provides the insurance coverage).

For these and other reasons, insurance in favor of money market fund investors almost inevitably would itself result in rather fundamental changes in the nature of money market funds, perhaps blurring their position in the firmament of short-term cash deployment alternatives.

## **E. Role of NRSRO Ratings**

The use by money market funds of NRSRO ratings with respect to their portfolio securities also may continue to be a matter of controversy. The SEC has formally proposed to amend its Rule 2a-7 so that it will no longer use NRSRO ratings to help define what securities a money market fund may or may not purchase or hold. For the most part, the mutual fund industry has argued for retaining the use of NRSRO ratings for this purpose. On the other hand, statements made by some of the SEC's Commissioners seem to indicate a strong predisposition to eliminate such usage.

The proposal to eliminate NRSRO ratings from Rule 2a-7 is to some extent related to other efforts that the SEC currently has underway to try to improve the quality and reliability of NRSRO ratings. To the extent that NRSRO ratings are improved, perhaps the SEC will be more comfortable with retaining the use of NRSRO ratings in Rule 2a-7.

## **III. HEDGE FUNDS**

### **A. Regulation Likely**

After the U. S. Court of Appeals for the District of Columbia in 2006 invalidated an SEC rule that generally required hedge fund managers to register as investment advisers, many such managers continued voluntarily to be registered as investment advisers. Many other hedge fund managers, however, currently are not and do not wish to be registered as investment advisers.

The turmoil in the financial and investment markets during the past year and a half has provided an additional impetus for the proponents of investment adviser registration or other forms of regulation with respect to hedge funds (and other private investment funds). And the regulatory breeze seems to be blowing strongly in that direction.

## **B. The G20 Declaration**

In its London April 2, 2009 Declaration on Strengthening the Financial System,<sup>14</sup> the G20 stated that all systemically important financial institutions, markets and instruments, should be subject to an appropriate degree of regulation and oversight:

[H]edge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks that they pose individually or collectively. Where appropriate, registration should be subject to minimum size. They will be subject to oversight to ensure that they have adequate risk management.... This should include mechanisms to monitor the funds' leverage and set limits for single counterparty exposures.

The G20 Declaration also provides that the constituent countries will ensure that the pay and compensation structures of significant financial institutions are consistent with long-term goals and prudent risk taking.

The International Association of Securities Commissions recently issued a report which contains: (1) an overview of the risks posed by hedge funds to capital markets; (2) an overview of the current level of regulation of hedge funds; and (3) preliminary conclusions and possible recommendations with respect to the regulation of hedge funds. The SEC and the CFTC are both members of this organization, which is working with the G-20 in this area. This report may be a preliminary indication of the view of the Obama Administration with respect to these issues.

## **C. The Administration Position**

Since the U.S. was a party to the G20 Declaration, it is not surprising that the administration has indicated at least general support of the foregoing objectives. For example, in recent testimony before Congress, Treasury Secretary Geithner recommended that all advisers to private investment funds (including hedge funds, venture capital funds and private equity funds) whose assets under management exceed a minimum threshold amount be required to register with the SEC. Geithner proposed, moreover, that such advisers would be required to report to the SEC information necessary to determine whether the private fund poses any systemic risks. A systemic regulator would use this information to evaluate whether any systemic risks are present and what additional requirements, if any, should be imposed on any fund or funds. As yet, Treasury has not expressed any view on who the systemic regulator should be, however.

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<sup>14</sup> The declaration may be found at [http://www.g20.org/Documents/Fin\\_Deps\\_Fin\\_Reg\\_Annex\\_020409\\_1615\\_final.pdf](http://www.g20.org/Documents/Fin_Deps_Fin_Reg_Annex_020409_1615_final.pdf).

## **D. Industry Position**

For the most part, the hedge fund industry itself seems willing to support, or at least acquiesce in, some limited forms of reporting or regulation. In this connection, the Managed Funds Association<sup>15</sup> has given testimony before Congress and published other statements advocating that whatever new requirements are adopted be appropriately tailored to the circumstances of hedge funds so as not to impose burdens that are not justified by corresponding benefits. Nevertheless, the Managed Funds Association continues to make clear its belief that, as to most matters, observance by hedge funds of voluntary standards of conduct should be sufficient.

## **E. Congressional Activity<sup>16</sup>**

Such relevant legislation as has been introduced in the current Congress does not necessarily contemplate very comprehensive regulation of hedge funds. For example, Congressman Capuano of Massachusetts has introduced legislation (H.R. 711) that would eliminate the exemption from adviser registration that historically has been relied upon by most advisers to hedge funds (and other types of private funds). This legislation would expand the universe of persons required to register as investment advisers to a far greater extent than did the SEC rule that was invalidated in 2006. Nevertheless, as to most hedge funds, this legislation would, in effect, simply return to the status quo before the 2006 invalidation.

Senator Grassley has introduced legislation (S. 344) that would apply to a much more limited group of entities.<sup>17</sup> Most hedge funds and other private investment funds rely on either Section 3(c)(1) or 3(c)(7) to be excluded from Investment Company Act regulation. If any fund has at least \$50 million in assets (or assets under management), S.344 would make Sections 3(c)(1) and 3(c)(7) available only if the fund makes a prescribed filing with the SEC, maintains such books and records as the SEC may require, and cooperates with any request for information or examination by the SEC.

In many respects, therefore, the consequences of H.R. 711 and S. 344 would be quite similar. In either case, most sizable hedge funds (and other sizable private investment funds, including venture capital and private equity funds) would be required, among other things, to provide information to and become subject to examination by the SEC staff. The information obtained by the SEC also would presumably be available to any governmental entity that might be appointed as a “systemic regulator” for any such private fund.

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<sup>15</sup> The Managed Funds Association includes in its membership the great majority of significant hedge funds.

<sup>16</sup> The text of this legislation may be found at <http://www.thomas.gov/cgi-bin/query/z?c111:H.R.711>.

<sup>17</sup> The text of this legislation may be found at <http://www.thomas.gov/cgi-bin/query/z?c111:S.344>.

Congressman Castle of Delaware has also introduced legislation (H.R. 713) that reflects similar concerns. Rather than imposing specific regulatory requirements, however, H.R. 713 would mandate that the President's Working Group on Financial Markets conduct a broad study of hedge funds, including potential risks that such funds pose to investors and to financial markets. This legislation would require the Working Group to make a report that includes the Working Group's recommendations regarding regulation of hedge funds, which recommendations could be wide ranging.

All of the above legislation may be of somewhat academic interest, however, inasmuch as Senator Dodd and Congressman Frank have not yet weighed in with their regulatory reform proposals. At present, then, it remains very unclear the extent to which relevant U.S. and international regulators and legislators ultimately will agree with the hedge fund industry that it need be subject to only a modest degree of additional regulation.

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**This Bulletin does not constitute legal or other professional advice or service by JORDEN BURT LLP and/or its attorneys.**

**For additional information:**

Jorden Burt has formed a special Task Force to monitor these proposals. To obtain additional information about particular proposals that might have an impact on the insurance or reinsurance industries, contact Roland Goss ([rcg@jordenusa.com](mailto:rcg@jordenusa.com) or (202) 965-8148). To obtain additional information about particular proposals that might have an impact on the money mutual funds and hedge funds, contact Tom Lauerman ([tcl@jordenusa.com](mailto:tcl@jordenusa.com) or (202) 965-8156).