

Compliance 2020: Hedge Funds in the U.S. and Cayman Islands

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Hedge funds have been impacted by significant regulations and macroeconomic issues over the past several years, and 2020 is expected to continue in that pattern. One such regulation, the Securities and Exchange Commission's (SEC's) proposed advertising rule updates, could bring sweeping changes to how hedge fund managers present their marketing materials and discuss their funds at industry events, as well as provide some consistency in complying with existing no-action letters and SEC guidance.

Speaking to HFM Compliance, Managing Partner David Elsberg explained he does not see the advertising rule changes—which are expected to be released in the first half of 2020—as a “big deal for many hedge funds that have no desire to advertise to the general public and instead maintain a reputation of exclusivity,” though he noted, “It’ll be nice not to have to rely on the various no-action letters, because you can’t really shoe-horn yourself into some of the no-action letters.”

Elsberg also predicted the hedge fund industry “will be paying attention to any additional guidance that may come out regarding the Uncleared Margin Rules (UMR),” and will spend the better part of 2020 preparing.

In July 2019, nearly 1,000 hedge funds and trading firms were given more time to prepare for onerous new rules on posting initial margin for uncleared over-the-counter (OTC) derivatives. The final implementation phase for the UMR will now take place on September 1, 2021, when firms with an aggregate average notional amount of non-centrally cleared derivatives greater than \$8.9 billion will be subject to the requirements.

Read the [full article in HFM Compliance](#) (subscription required).

More About Elsberg's Practice

Named a “trial pro” and “MVP in securities litigation,” David Elsberg is a seasoned trial lawyer with decades of experience trying cases in courts and arbitration forums across the nation. He has successfully defended businesses in literal bet-the-company cases and achieved one of the largest investor arbitration awards on record.

Learn more about [his work and experience here](#).

Attorney

- David Elsberg