

## **HFSB ASSUMES OVERSIGHT FOR OPEN PROTOCOL RISK REPORTING STANDARDS USED FOR \$1 TRILLION IN ALTERNATIVE ASSETS**

30 May 2017

The Hedge Fund Standards Board (HFSB), the global standard-setting body for the alternative investment industry, has become Co-Chair of the Open Protocol Working Group. The Open Protocol template standardises the collection and representation of risk information of hedge funds and other types of investment funds, and currently is used by funds with over \$1 trillion in assets under management.

Open Protocol, which is an open standard which all investors and managers are free to adopt, will be added to the [HFSB Toolbox](#). The Toolbox complements the HFSB's standard-setting activities by providing additional guidance on practical issues to managers, investors and fund directors. The materials available through the Toolbox serve as a guide only and are not formally part of the Standards and the HFSB's "comply-or-explain" approach. Open Protocol will become the fourth item in the HFSB Toolbox, following the publication of the Cyber Security Memo, Administrator Transparency Reporting and the Standardised Board Agenda.

Open Protocol was developed in 2011 by a working group of leading investors, managers and other industry stakeholders to improve alternative investment fund transparency and to aid investors in aggregating their exposure across funds. The Open Protocol Working Group will continue maintaining and developing the template to ensure it remains up-to-date. The working group will be co-chaired by Albourne Partners and the HFSB. In addition to the HFSB joining the working group, Callan Associates, the investment consultant, has also joined.

Dame Amelia Fawcett, Chairman of the HFSB, said: "Better risk disclosure by investment funds has been a priority for both investors and regulators in recent years. Investors are looking continuously for better ways to aggregate risk information about their investments in order to improve overall portfolio risk management. Regulators also have started collecting data to assess potential systemic risk concerns. Open Protocol allows investors to harness data with aggregate risk exposures, while managers can streamline their own reporting to investors."

Simon Ruddick, Founder of Albourne Partners and Trustee of the HFSB, whose firm initiated the Open Protocol project in 2011, said: "We are delighted that Open Protocol has found a home with the HFSB. The HFSB provides a strong platform to take the work forward and is well-positioned to share the Working Group's expertise on risk aggregation with the regulatory community, as well as help their efforts in addressing potential broader systemic concerns."

Bruce Cundick, Chief Investment Officer at Utah Retirement System (URS), a Trustee of the HFSB and an Open Protocol Working Group member, said: "URS uses Open Protocol data to aggregate risk. This allows us to better understand and manage the risks we take in our overall portfolio on behalf of our plan holders."

Henry Kenner, Founding Partner & CEO, Arrowgrass Capital Partners and a Trustee of the HFSB, said: "Open Protocol has formed part of Arrowgrass' comprehensive suite of information offered to

investors for a number of years, reinforcing our commitment to transparency. We believe that such a protocol provides a consistent, industry-wide approach to risk and exposure reporting, benefitting both managers and investors alike.”

The HFSB was formed in January 2008 as the standard-setting body for the alternative investment industry, bringing together managers and investors globally to help determine how the industry should operate. It is custodian of the Hedge Fund Standards, which create a framework of transparency, integrity and good governance for the industry, facilitate investor due diligence and complement public policy. The HFSB also provides practical guidance to investors and managers in areas such as fund governance, standardised transparency and risk reporting, and cyber security through its HFSB Toolbox. The HFSB is supported by more than 125 alternative investment managers with approximately \$1 trillion in aggregate assets, and by more than 60 institutional investors investing over \$800 billion in hedge funds. The Hedge Fund Standards and the full list of signatories and supporters are available at [www.hfsb.org](http://www.hfsb.org).

– ENDS –



**Notes to editors:**

1. Members of the Open Protocol Working Group are:
  - Albourne Partners Limited (Co-Chair)
  - Brevan Howard
  - BT Pension Scheme Management Limited
  - Callan Associates
  - CITCO
  - Credit Suisse Group AG
  - The D. E. Shaw Group
  - Federal Way Asset Management
  - Goldman Sachs Group Inc.
  - Hedge Fund Standards Board (HFSB) (Co-Chair)
  - International Fund Services - a State Street Company
  - Investcorp Investment Advisers Ltd
  - Lansdowne Partners Limited
  - Morgan Stanley
  - Och-Ziff Capital Management Group LLC
  - Thomson Reuters
  - UBS AG
  - Utah Retirement Systems

2. In July 2014, the HFSB became an affiliate member of the International Organisation of Securities Commissioners (“IOSCO”). On announcement of granting affiliate membership to the HFSB, David Wright, former General Secretary of IOSCO, said: “There is an important role for industry standards to play alongside statutory regulation in promoting transparency and good governance in financial markets. The HFSB can play a valuable role working with regulators and supervisors.” Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong and Chairman of IOSCO said: “The HFSB has broken new ground in the way it operates as a standard-setter, bridging the gap between self-regulatory organisations and conduct regulators.”

3. The Trustees of the HFSB are:

- Dame Amelia Fawcett, Chairman (HFSB)
- Jane Buchan, CEO, Pacific Alternative Asset Management Company (PAAMCO)
- Clint Carlson, President & CIO, Carlson Capital
- Bruce Cundick, CIO, Utah Retirement Systems
- Luke Ellis, CEO, Man Group plc
- David George, Head of Debt & Alternatives, Future Fund Australia
- Chris Gradel, Founder, Pacific Alliance Group (PAG)
- Kathryn Graham, Head of Strategy and Co-ordination, Universities Superannuation Scheme Ltd
- Henry Kenner, Founding Partner & CEO, Arrowgrass Capital Partners LLP
- George Robinson, Co-Founder, Sloane Robinson
- Simon Ruddick, Chairman & Co-Founder, Albourne Partners
- Daniel Stern, Co-Founder and Co-CEO, Reservoir Capital Group
- Betty Tay, Managing Director, Head of External Managers Department, GIC Private Limited
- Mario Therrien, Senior VP, External Portfolio Management - Public Markets, Caisse de dépôt et placement du Québec
- Dale West, Senior Managing Director, Teacher Retirement System of Texas
- Poul Winslow, Managing Director, Head of Thematic Investing and External Portfolio Management, Canada Pension Plan Investment Board

4. The Founders of the HFSB are:

- AlphaGen Capital
- Brummer and Partners
- Cheyne Capital
- CQS
- Lansdowne Partners Limited
- Man Group plc
- Marshall Wace
- Och-Ziff Capital Management
- Winton Capital Management

5. The Core Supporters of the HFSB are:

- Aberdeen Asset Management
- Albourne Partners
- Arrowgrass Capital Partners LLP
- IONIC Capital Management LLC
- PAAMCO
- PAG
- Reservoir Capital Group
- Unigestion