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Investment Management Regulatory Update - August 2006

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On July 25, 2006, the U.S. Senate Committee on Banking, Housing, and Urban Affairs (“Committee”) held a hearing on the regulation of hedge funds in the wake of the D.C. Circuit’s decision in Goldstein v. SEC, No. 04-1434, 2006 U.S. App. LEXIS 15760 (D.C. Cir. June 23, 2006), to vacate the SEC’s controversial rule requiring registration of many hedge fund advisers (“Hedge Fund Rule”). See Registration Under the Advisers Act of Certain Hedge Fund Advisers, 69 Fed. Reg. 72,054 (Dec. 10, 2004). Chairman Richard Shelby (RAL) and ranking member Paul Sarbanes (D-MD) presided over the hearing, which was attended by only a handful of senators. SEC Chairman Christopher Cox, Under Secretary of the Treasury for Domestic Finance Randal Quarles, and Chairman of the Commodity Futures Trading Commission Reuben Jeffery III testified. The focus of the hearing, however, was on Chairman Cox and his view of the post-Goldstein landscape.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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