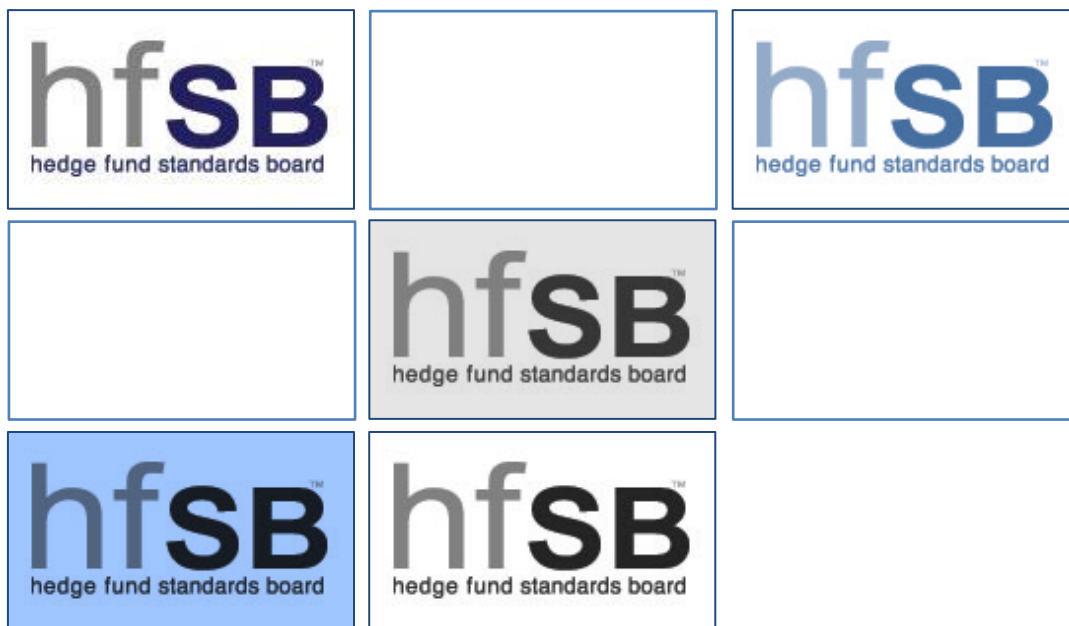


Hedge Fund Standards Board



Annual Report 2012

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Foreword

The Hedge Fund Standards Board (HFSB) plays an important role in the hedge fund “eco system” globally through its ability to bring investors and managers together to drive better standards collaboratively for the benefit of the whole industry and the wider economy. Our approach is in part about promoting good practice through Standards that complement the statutory framework in which the industry operates and reflect the interests of investors, managers and the broader community. However, the HFSB is more than just Standards—it is, in effect, a platform for investors and managers to work together to improve the industry in many ways and to engage with regulators and policy-makers. This unique platform and our role as a neutral standard setter also enable us to have an independent dialogue with regulators around the globe. Together, we are focused on maximising the impact we can have to ensure that regulation is proportionate and fit for purpose.

This past year has been a busy one for the Hedge Fund Standards Board, building on the internationalisation of the Standards and particularly the drive to sign up North American hedge funds and investors. Over 15 North American hedge funds signed up to the Standards in 2012, including some of the largest, such as Bridgewater Associates LP, Renaissance Technologies LLC, Cerberus Capital Management and Ionic Capital Management. In that same period seven North American investors joined the Investor Chapter. In total, the number of stakeholders increased by 33 during the year. The first six months of 2013 has seen similar progress, so that today we have 93 signatories (up from 61 this time last year and representing almost \$500 billion in assets under management today), 57 Investor Chapter Members and 12 Core Supporters. All of these “stakeholders” together represent a significant force in the process of continuing to improve the hedge fund industry.

Our Investor Chapter Members, particularly our Investor Trustees, have been instrumental in the campaign to add signatories around the globe, both big and small, and their continuous engagement in raising awareness about the importance of the HFSB is key to our success, not only with hedge fund managers but also with regulators. We are indebted to them for their continuing support.

Regulatory engagement is a critical part of the HFSB's work, and this past year was no exception. We were actively engaged in discussions and consultations with regulators around the globe, sometimes publicly, often in private as a "trusted partner". Some of the important initiatives have included "shadow banking", short-selling, "bonus caps" and AIFM-D implementation in the UK and Europe, corporate governance and transparency in the Cayman Islands, regulatory efforts in connection with the move to encourage hedge fund development in Bermuda, improving hedge fund disclosure in Australia and contributing to the recent UNPRI report on responsible investment. Perhaps equally important as these "set pieces" has been the daily, ongoing dialogue at very senior levels with regulators, government officials and policy makers globally, whether with the US Securities and Exchange Commission or the UK Financial Services Authority or the Ontario Securities Commission, or the Monetary Authorities in Hong Kong and Singapore or the Bundesbank, to name but a few. All of these efforts are intended to help ensure that regulation reflects how the industry works.

During the year, the Board appointed Dan Stern, Co-Chief Executive Officer of Reservoir Capital Group, based in New York, as a trustee. Dan brings a wealth of experience in the hedge fund industry, particularly in seeding new hedge funds and in more illiquid strategies. As the HFSB expands to cover all hedge fund strategies, Dan's insight and counsel will be invaluable.

I also am pleased to report that, with disciplined cost management and the increase in stakeholders, the HFSB again reported a small surplus for this past year. We will continue to focus on cost efficiency at the same time as focusing on delivering highest impact for our stakeholders.

As I look ahead to the next 12 months, it is obvious that regulatory issues will continue to loom large on the agenda for all of us. We still have not seen how the regulatory focus on "shadow banking" will play out, and there is the worrying possibility that bonus caps for hedge fund managers will be implemented in Europe and give rise to perverse and unintended consequences. There is no doubt that regulatory activity will continue to increase, particularly in the US and Europe. In this environment we will leverage our strong foundation as a neutral standard-setter with deep-seated knowledge and expertise in hedge funds and markets to help ensure that regulation meets the aspirations and needs of the industry, its customers and the broader community.

We are fortunate at the HFSB to have an exceptionally talented and dedicated team, both the executive and the Trustees. Their support, engagement and goodwill will continue to be the key to our ability to make an impact and a positive difference for the industry and more broadly. I would like to take this opportunity to thank them all.

The hedge fund industry has a critical role to play, not only to achieve adequate returns for savers and pensioners, but also as a provider of risk capital to industry, whether big or small companies. This is particularly true now, as banks around the world are hamstrung by weak capital bases and the need to deleverage, particularly in Europe. Reducing reliance on bank lending and increasing exposure to the capital markets in Europe is a critical long-term European objective, and hedge fund managers (and their investors) have an important role to play in that process.

In closing I would like to pay special tribute to our Founders and Core Supporters who have been so steadfast over many years in their support, both financially and with their time. We would not be here today without their foresight and dedication.

Dame Amelia C. Fawcett

May 2013

HFSB Mission

As guardian of the Hedge Fund Standards drawn-up and published in 2008 in response to G8 policy leaders' concerns over financial stability, the HFSB's mission is to promote the Standards through engagement in the following areas:

- *Collaboration with managers and investors: the HFSB brings together managers and investors as a joint force in the HFSB process to determine how the hedge fund industry should operate, as they are the best economic agents to embrace and endorse the improvements the HFSB seeks to achieve.*
- *Supervisory engagement: the HFSB actively engages with the supervisory community so that regulation reflects how the industry works and the Standards reflect the public policy requirements.*
- *International dimension: the hedge fund industry and its clients operate globally, therefore, the Standards have undergone a few amendments to be internationally applicable. HFSB stakeholders are international with major investors and managers representing North America, Europe and Asia.*
- *Improving the Standards: the Standards are regularly reviewed to ensure that they demonstrate a good industry standard, remain relevant and are in tune with legitimate public policy requirements just as they are with evolving industry practice.*

The Hedge Fund Standards

The Standards set levels of quality in behaviour and working practice that complement the public policy framework, particularly in the areas of complex, diverse or more innovative practice. They are principle based, consistent with existing regulation in multiple jurisdictions and intended to benefit hedge fund managers from all jurisdictions.

The Standards are deliberately set at a challenging level so as to encourage high quality behaviour in the interest of securing support and respect from all stakeholders, including investors, regulators and counterparties. They can be a more efficient way of achieving regulatory objectives than detailed and rigid rules. The Standards are based on a “comply or explain” regime catering for the entire breadth and diversity of the industry and allowing managers to “explain” where a specific standard is inconsistent with local law and regulation.

The signatory process requires that managers make a public commitment to investors. While conformity with the Standards is based on self-certification, failure to conform is a form of misrepresentation. In fact, the FSA stated that they “will take compliance with these [HFSB} standards into account when making supervisory judgements”. In this sense, the Standards are binding and conformity with them can be verified by investors at any point.

Why are the Standards important?

The Standards provide a powerful mechanism for creating a framework of transparency, integrity and good governance that maintain a high reputation for the industry, facilitate investor due diligence and minimise the need for restrictive regulation. The HFSB welcomes appropriate regulation of the industry, but, given the diversity of investment strategies, the speed of innovation, the complexity of many platforms and the global scope of the industry, traditional rules and regulations are not expected to meet all the needs of investors and managers.

The Standards are always likely to be more demanding, comprehensive and appropriate than the regime in any one country, because the Standards are defined by those with a strong vested interest in the success of the industry. Over time, the Standards are expected to become the generally accepted norm with all market participants adhering to them.

Overview of the HFSB Activities

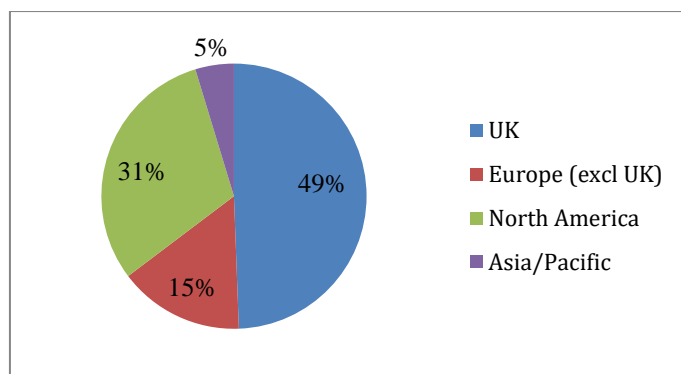
Since its inception in 2008, the HFSB has focussed its endeavours on three major areas:

- Raising awareness among hedge fund managers to encourage them to sign up to the Standards (signatory process)
- Raising awareness among investors so that they encourage conformity (investor campaign) with the Standards
- Engaging with regulators and supervisors to help promote high standards in the industry and advise on regulatory initiatives (regulatory engagement)

a) Signatory Progress

Since its inception, managers with over US\$450bn in AUM have committed to the Hedge Fund Standards. By comparison, the assets of the global hedge fund industry are estimated at US\$2,100bn, and the UK hedge fund industry assets amount to approximately US\$400¹. The majority of the HFSB signatories are Europe-based, but an increasing number of North American committed to the Standards in 2012. In 2012 we welcomed 31 new signatories (North America – 21; UK – 8 and Asia/Pacific – 2). However, we also lost 6 signatories due to closure of their firms, mergers and takeovers.

HFSB Signatories: 85 managers² with almost \$450bn in AUM



Attracting new signatories remains one of the HFSB's key priorities for the next 12 months.

¹ As April 2012

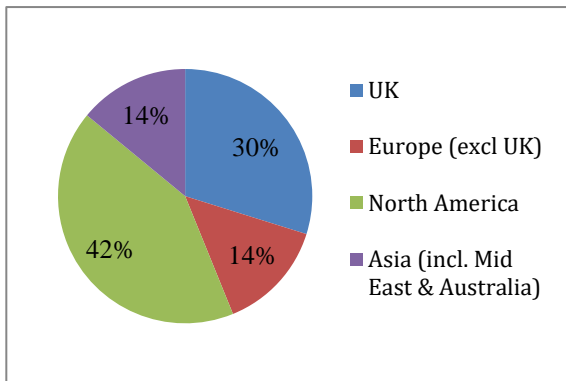
² As at January 2013

b) Investor Campaign

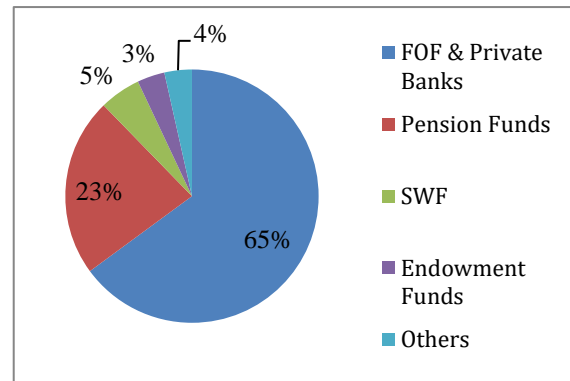
Since the launch of the HFSB Investor Chapter in 2010, the HFSB actively engage with the investors in various projects, such as reviewing amendments to the Standards, participating in joint panels on investor expectations and the ongoing signatory campaign where the investors have played an instrumental role in raising the HFSB profile as well as helping sign up managers, particularly in the US. In 2012 11 investors joined our Chapter bringing the total to 57 members.

HFSB Investor Chapter: 57 members with over \$400bn invested in hedge funds

Investor Chapter Members by region



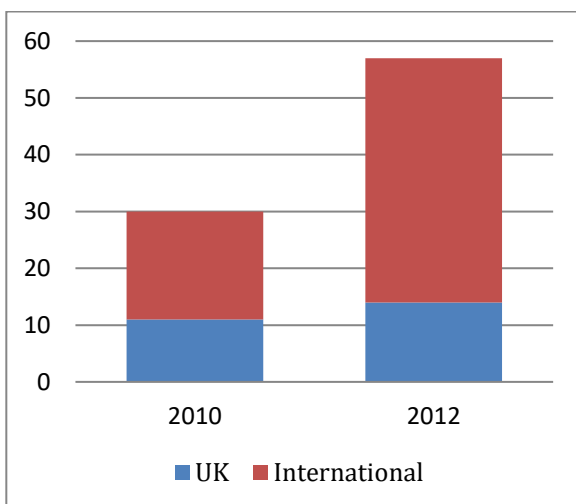
Investor Chapter Members by type



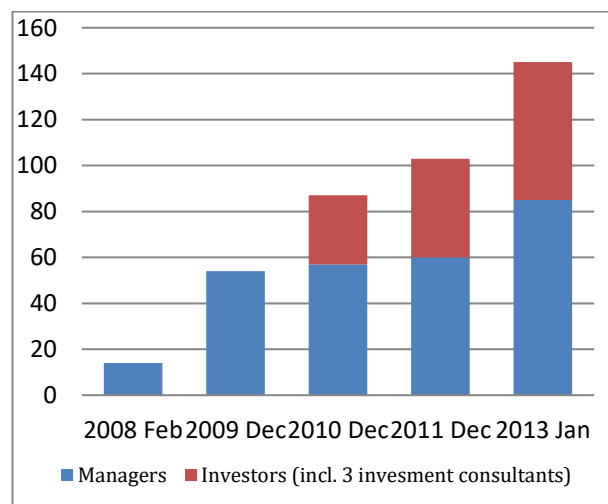
Others - Endowment Funds, Family offices and other banks

The international base of the Investor Chapter has significantly grown in the last twelve months.

Evolution of the Investor Chapter



Stakeholder Evolution



The HFSB remains committed to continuing its endeavours to engage investors in improving the Standards and promoting the Standards driving the conformity process in 2012.

HFSB Stakeholder Evolution

c) Core Supporters

In autumn 2010 the HFSB created a special group of stakeholders – Core Supporters- that committed to make a significant contribution to support the HFSB endeavours. Today there are 13 members:

- Aberdeen Asset Management
- Albourne Partners
- Allianz Global Investors
- Aon Hewitt
- Arrowgrass
- The Blackstone Group
- Ionic Capital Management
- Investcorp
- New Holland Capital
- PAAMCO
- Spinnaker Capital
- Towers Watson
- Unigestion.

The Core Supporters are associated with thought leadership of the HFSB and received public recognition as a good capital market citizen. Their logos are displayed on the HFSB website and they interact with the HFSB Trustees and Founders through Board dinners.

Regulatory Engagement

Pursuant to its mission to participate in the regulatory debate, the HFSB actively engages with the supervisory community. Over the last 12 months, the HFSB has participated in numerous official consultations. The consultations included:

- Financial Stability Board's Consultative Document on Strengthening Oversight and Regulation of Shadow Banking (11/2012)
- ESMA Consultation Paper on Guidelines on Sound Remuneration Policies under the AIFMD (06/2012)
- FSA DP12/1 Implementation of the Alternative Investment Fund Managers Directive (03/2012)
- European Commission's Green Paper on Shadow Banking (03/2012)
- Australian Securities and Investment Commission (ASIC) Consultation Paper 174 Hedge Funds: Improving Disclosure (2/2012)
- ESMA Consultation on regulating short selling (02/2012)

In addition to the above consultation papers, the HFSB actively engaged with regulators in Europe, Asia and North America through a series of meetings with senior officials:

- UK's Financial Services Authority (FSA)
- European Securities and Market Authority (ESMA)
- European Commission
- Hong Kong's Securities and Futures Commission (SFC)
- Hong Kong Monetary Authority (HKMA)
- Monetary Authority of Singapore (MAS)
- France's Autorité des Marchés Financiers (AMF)
- Germany's BaFin and Deutsche Bundesbank
- Switzerland's FINMA
- Bank of Canada
- Ministry for Finance of the Government of Québec
- Canada's Autorité des marchés financiers
- Ontario Securities Commission
- US Securities and Exchange Commission
- Bermuda Monetary Authority.

Public Speaking and Media

The HFSB has also actively participated in the past 12 months in over 20 international conferences and roundtables in the UK and overseas as speakers and panellists, including

February 2012

- Inaugural Global Arc Singapore
- HFM week Operations Leader Macau

March 2012

- Regulation of Alternative Investment Fund Managers London
- EDHEC – Risk Days London

April 2012

- Duff & Phelps' Roundtable: "Operational Hedge Fund Best Practices & Europeans Investor Trends" New York
- Endowment Roundtable Texas
- GAIM Ops Cayman
- EuroHedge Paris

May 2012

- Global Arc London
- Aon Hewitt Annual Event Chicago

June 2012

- GAIM International Monaco

- International Securities Lending Association Conference Madrid
- HFM Week US COO Summit New York
- Albourne's Due Diligence Boot Camp for Investors New York
- PwC's Roundtable on HFSB Activities New York

September 2012

- HFM Week's Operational Leaders European Summit Surrey

October 2012

- HedgeInvest Forum London
- Albourne's 2012 Hedgefellas Chicago
- GAIM Ops Paris
- SkyBridge Capital's SALT Singapore
- Hedge 2012 London

November 2012

- QuantInvest Paris
- Hedge 2012 Zurich

The HFSB also gave interviews to The Globe and Mail (Canada), the Financial News and contributed articles to the World Economic Forum Report "Rethinking Financial Innovation".

Conformity with the Standards

Statistics on achieving conformity with the Standards

In line with our mandate to keep the hedge industry informed of the progress in achieving conformity with the Standards, we have analysed the conformity and disclosure statements received from our signatories and would like to report the followings:

Of the 90 signatories at May 2013:

| Status | No. of Signatories |
|--|--------------------|
| Achieved conformity | 30 |
| Applicant in the process of achieving conformity | 17 |
| Complied and explained | 43 |

Appendix 1: HFSB Board of Trustees

Dame Amelia Fawcett, DBE

Dame Amelia Fawcett was appointed Chairman of the Hedge Fund Standards Board on 1 July 2011. She also is Chairman of the Guardian Media Group plc in London, a Non-Executive Director of State Street Corporation in Boston, Massachusetts, where she chairs the Risk and Capital Committee and a Non-Executive Director of Investment AB Kinnevik in Stockholm.

In 2007-2010, Amelia was Chairman of Pensions First, a financial services/systems solutions business, which she helped set up. In 1987–2007 she worked for Morgan Stanley, first as an executive and then in a non-executive role. She started her career at the US law firm of Sullivan and Cromwell, first in New York then in Paris. She joined Morgan Stanley in London in 1987, was appointed VP in 1990, an Exec Director in 1992 and MD and the Chief Administrative Officer for the Firm's European operations in 1996. In 2002 she was appointed Vice Chairman. As Vice Chairman and COO, she was a member of the European Management Committee and the Boards of Directors of the Firm's major European operating companies. She stepped down from her executive role in October 2006 and was a Sr. Advisor to the Firm until April 2007.

Amelia is a Governor of London Business School, a Commissioner of the UK-US Fulbright Commission, and a Trustee of Project HOPE UK. Until recently, she was Deputy Chairman of the National Portrait Gallery (and Chairman of the Gallery's Development Board) and a member of the Court of the Bank of England (and Chairman of the Bank's Audit Committee). Amelia was appointed a Dame Commander of the British Empire in the 2010 Queen's Birthday Honours List for services to the financial services industry. In 2002 she was awarded the CBE also for services to the financial industry. She received the Prince of Wales' Ambassador Award in 2004 and an honorary degree from the American University in London (Richmond) in 2006.

Amelia, a UK and US citizen, was born in Boston, Massachusetts, USA in 1956. She has a degree in History from Wellesley (1978) and a law degree from the University of Virginia (1983). She was admitted to the New York Bar in 1984.

Tom Dunn

Managing Principal
New Holland Capital

Tom launched New Holland Capital, the hedge fund advisory company, in 2006. It focuses exclusively on the absolute return funds of ABP, the \$280bn Dutch civil servants pension fund. Before that Tom had worked at ABP since 2002, managing the Hedge Fund Group within ABP Investments US and helping ABP evolve from an emphasis on fund of funds to a wide variety of hedge fund-like alternative investments. Tom co-managed (1995-2000) the fixed income business at Lazard Asset Management. Prior to that Tom was a Sr. Portfolio Manager at Goldman Sachs Asset Management where he directed the quantitative fixed income portfolios. In his 9 years at Goldman Sachs, he also pursued a broad range of investment projects involving global asset allocation, currency trading, commodity futures and synthetic equity products. Tom also spent 3 years in corporate finance at First Boston. He holds two degrees from University of Chicago: an MBA in Finance (1986) and a BA in English Literature (1981).

Christopher Fawcett

Senior investment
Officer, Jubilee
Advisers LLP,
member of Permal's
Global Investment
Committee

Christopher co-founded Fauchier Partners in 1994. Previously, he worked at Euris SA, a French investment holding company with substantial investments in private equity and hedge funds. He gained experience in the securities industry with Morgan Grenfell, Industrial Technology Securities, a venture capital company of which he was co-founder, and at the Duménil Group. He is a former Chairman of the Council of the Alternative Investment Management Association (AIMA) and a former Director of the CFA Society of the UK. Christopher has an MA in Law from Oxford University, an MBA with distinction from INSEAD, and is a qualified Chartered Accountant.

Kathryn Graham

Director
BTPSM

Kathryn joined BT Pension Scheme Management Limited (BTPS) in 2004 to help establish a new team mandated to invest up to 5% of the BT Pension Scheme directly into single manager hedge funds. In 2007, she took responsibility for Manager Selection across the BT scheme before moving in 2008 to set up a new team tasked with managing liability risk. She has 15 years of experience in capital markets and hedge funds both as an end buyer and structurer and has a special interest in improving the treatment of investors in hedge fund vehicles. Kathryn began her career at SG Warburg in 1994 and also worked at UBS and Progressive Alternative Investments before joining BTPS. She was educated at Edinburgh University, where she was awarded an MA in Economics and Mathematics. She is a Director of a number of BTPS offshore vehicles, an occasional board member of the UNPRI.

Michael Hintze

CEO, CQS

Michael is CQS's Founder (1999), Chief Executive and Senior Investment Officer. He is also Chairman of the CQS Exec Committee. CQS is a global diversified asset management group focusing on convertibles, credit and asset backed securities and manages a family of hedge funds, loan portfolios and long only products. Prior to that, Michael was MD in the Leveraged Funds Group at CSFB where he developed the strategy and management team for the CSFB Convertible & Quantitative Strategies Fund. Before this Michael was MD and European Head of Convertibles at CSFB from 1996, responsible for flow and proprietary trading, sales and research. Michael also worked at Goldman Sachs for 12 years in a variety of roles including; Executive Director and Head of UK Trading and Head of European Emerging Markets Trading. Prior to that Michael worked for Salomon Brothers, in New York, as a Fixed Income Trader trading Yankee Bonds after having completed the firm's Graduate Training Program in 1982. Michael speaks fluent Russian. He holds a BSc in Physics and Pure Mathematics and a BEng in Electrical Engineering from the University of Sydney. He also holds an MSc in Acoustics from the University of New South Wales and an MBA from Harvard Business School.

Anthony Lim

MD, GIC

Anthony was appointed President (Americas) of GIC, the company that manages Singapore's foreign reserves, in 2009, and is based in the GIC New York Office. From 1998 to 2009, Anthony worked in the GIC's London office and was President (London Office). He is also the adviser to the External Managers Department. Prior to that Anthony was a Senior MD at Bankers Trust Company (1987-1998). He held

various management and trading positions in the Global Markets division. Anthony worked in Singapore and London during his time at Bankers Trust. He joined Bankers Trust from the Monetary Authority of Singapore, where he had worked from 1983, and included a stint from 1984 to 1986 in the MAS New York office. His last position at the MAS was as Head of the Foreign Exchange, Gold, and Liquidity Division. Anthony is a graduate of the National University of Singapore.

Paul Marshall

Chairman and CIO
Marshall Wace LLP

Marshall Wace LLP, is one of Europe's leading hedge fund groups and manages a number of award-winning funds including the Eureka Fund. Paul is a founding member of the Hedge Fund Standards Board. In January 2009, he appeared before the UK Treasury Select Committee Review on the role of hedge funds in the financial crisis. He is a member of HM Treasury Asset Management Working Group.

David Neal

CIO, Future Fund

The Future Fund Board of Guardians and the Future Fund Management Agency are responsible for investing the assets of the Future Fund, the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund. David joined the Future Fund from Watson Wyatt Australia where he was Head of Investment Consulting. At 30 June 2009 the Future Fund Board had AUS-\$81.9bn in assets. David started his career with Watson Wyatt in the UK and led the establishment of the firm's investment consulting business in Australia. He is a graduate of Oxford University.

Russell Read

CIO and Deputy CEO
Gulf Investment
Corporation

Russell serves as CIO and Deputy CEO at the Kuwait City-based GIC, which focuses on natural resources-based, Shariah-compliant, and regional (GCC and MENA) opportunities in the public and private markets. Prior to GIC, Russell founded C Change Investments, focusing on private markets investments capable of transforming the production, distribution, and consumption of the world's natural resources. He served as CIO for CalPERS, at which time he was also Chairman of the Investors' Committee for the PWG on Financial Markets. Prior to that served as Deputy CIO for Scudder Investments and Deutsche (Bank) Asset Management (Americas) and Head of Quantitative Investing, Product Design, Risk Management, and Commodities Investing at Oppenheimer Funds. Russell is a founding member of the P8 Group of the world's eighth largest pension systems. He holds a B.A. in Statistics and M.B.A. in Finance/International Business from the University of Chicago and an M.A. in Economics and Ph.D. in Political Economy from Stanford University. He is also a CFA and a Governor of the New York Academy of Sciences (NYAS).

George Robinson

Partner, CFO and
Head of Research
Sloane Robinson

George co-founded Sloane Robinson in December 1993. He is also Head of Research, CFO, and Manager of the SR Phoenicia Fund. Between 1979 and 1985 George worked for John Swire & Sons in Hong Kong, UK, Philippines and Korea. In 1985 he joined WI Carr and established their investment offices in both Seoul and Bangkok, before moving to Hong Kong as regional director of research. George graduated from Oxford University with a degree in Engineering Science.

Emmanuel Roman
CEO, Man Group plc

Emmanuel Roman, CEO of Man Group plc ('Man') since February 2013, received an M.B.A. in Finance and Econometrics from the University of Chicago in 1987 and a bachelor's degree from the University of Paris in 1985. He joined Goldman Sachs in 1987 where he worked in a variety of areas, including fixed income, investment banking and capital markets, becoming co-head of Worldwide Equity Derivatives in 1996. In 1998 he was elected to partnership. In 2001 he was appointed co-head of Worldwide Global Securities Services and in 2003 he also became co-head of the European Equities Division. In September 2005, after 18 years at Goldman Sachs, Emmanuel (known as Manny) joined GLG Partners LP as co-CEO where he was responsible primarily for building the business in terms of sales, infrastructure and support. In October 2010, on completion of the acquisition of GLG by Man Group plc, Manny became COO of Man, a group-wide role with primary responsibility for integrating the GLG acquisition. He joined the Board of Man in May 2011 and was appointed President & COO in July 2012 and CEO with effect from 28 February 2013.

Simon Ruddick
MD & Co-Founder
Albourne Partners

Albourne Partners is the world's largest hedge fund advisory firm, which he co-founded in March 1994. Albourne's 150+ clients have over \$200 billion invested in hedge funds. Albourne was awarded the Queen's Award for Enterprise in 2006 and again in 2009. Village.albourne.com, the not-for-profit website, has over 65,000 residents and has led to Simon Ruddick twice appearing in the Institutional Investor's Top 40 Online Entrepreneurs. Albourne has also hosted Hedgestock, featuring a performance by The Who, in 2006 to raise money for Teenage Cancer Trust. As well as appearing on Bloomberg TV, Ruddick's appearances on CNBC have included hosting its Squawk Box programme.

Dan H. Stern
Co-Founder and Co-CEO

Dan Stern co-founded Reservoir Capital Group in 1998. Prior to founding Reservoir, Mr. Stern co-founded and was President of Ziff Brothers Investments, and served as a Managing Director of William A.M. Burden & Co., and an Associate at Bass Brothers Enterprises in Fort Worth, Texas. Mr. Stern has participated in the formation and development of numerous investment management entities, including HBK Investments, Och-Ziff Capital Management, Starwood Capital, Ellington Capital Management, and Anchorage Advisors, among others. He is the President of the Lincoln Center Film Society and serves as a Trustee of Lincoln Center, the Mt. Sinai Medical Center, and the Educational Broadcasting Corporation (PBS Channel 13 New York). Mr. Stern received an A.B. from Harvard College and an M.B.A. from Harvard Graduate School of Business.

Mario Therrien
Senior VP, Fund of
Hedge Funds, Caisse
de dépôt et
placement du Québec

Mario was appointed Senior VP, Fund of Hedge Funds, with the Private Equity group on June 15, 2009. He manages the teams responsible for investments in external private equity funds, including venture capital funds in the information technology and life sciences sectors, leveraged buyout funds and hedge funds. He joined the Caisse's Alternative Tactical Investments team in 1992 as a financial analyst and was successively promoted to Assistant Manager and Manager. He was

then assigned to the position of VP of Varan Tactical Asset Management, a fund specialising in global tactical investments, until 2002. Prior to that, he was VP of Funds of Hedge Funds, Absolute Return, and oversaw the team in charge of developing investment strategies using hedge funds on an international scale. Mario has a bachelor's degree in economics and a master's degree in finance from Université de Sherbrooke. He has also completed the securities course given by the Canadian Securities Institute and holds the chartered financial analyst designation from the CFA Institute. He is a member of the Montréal CFA Society.

Sir Andrew Large
Advisor to the HFSB

Andrew Large was Deputy Governor of the Bank of England in 2002-2006. He now acts independently for central banks and governments in relation to financial stability and crisis prevention issues. He is also Chairman of the Senior Advisory Board of Oliver Wyman; Sr. Adviser to the HFSB; Chairman of the Advisory Committee of Marshall Wace, and Chairman of the Board Risk Committee of Axis, Bermuda.

Andrew Large's career has covered a wide range of senior positions in the world of global finance, within both the private and public sectors. Andrew spent twenty years in capital markets and investment banking, first with Orion Bank and then with Swiss Bank Corporation, on its Management Board in 1987-1989. Prior to his time at the Bank of England he chaired the Securities and Investments Board (precursor of the FSA) 1992-1997 and Deputy Chairman of Barclays Group in 1998-2002. When at Barclays, Andrew was Chairman of Euroclear in Brussels. Concurrently he served on the Managing Director of the IMF's Capital Markets Consultative Group 1999-2002, and chaired for the Group of 30 a global report into strengthening the global financial infrastructure for clearing and settlement. Andrew has a keen interest in education; he is the Chairman of the newly created INSEAD Advisory Council and was a member of the INSEAD Board 1998-2010.

Appendix 2: Amendments to the HFSB Documents

a. Articles of Association

Based on the developments that have taken place within the HFSB operations since its inception in 2008, it became necessary to introduce amendments in the Articles of Association to reflect these changes. The Amendments include:

- New definitions (Preliminary):
 1. Core Supporter
 2. Investor Chapter
 3. Investor Chapter Member
 4. Stakeholder

- New Sections:
 1. Investor Chapter Members (Articles 94-100)
 2. Admission as a Core Supporter (Articles 102-110)

- Other changes
 1. Increasing the maximum number of Trustees (Article 36)
 2. Investor Chapter Members and Core Supporters are indicated now next to the Signatories throughout the document.

b. HFSB Signatory Documents

As a part of our regular review of the HFSB's internal procedures, in the last twelve months we have revisited the application form and the conformity statement to ensure they remain up-to-date and relevant. Specifically we amended the wording to accommodate more flexibility in the areas below. The amendments also incorporate feedback received from our signatories as well as those firms wishing to sign up to the Hedge Fund Standards:

- Displaying the Kite Mark
(Signatories are now encouraged to display the HFSB Kite Mark on their website, marketing materials etc.)

- How to communicate the signatory status to investors
(Signatories have several options in their choice of format to communicate their signatory status to their investors)

- Ceasing to be a signatory
(We have simplified the wording in this section)

1. Application form

3. from the date on which we adopt the "comply or explain" approach to the Standards described in the Report (and not before), ~~to display the HFSB official Kite Mark, in our marketing materials and/or on our website, and~~ to do what we reasonably can to ensure that the fact that we are a Signatory to the Standards is communicated to investors and prospective investors in hedge funds managed or advised by us ~~(e.g. via newsletters, website, marketing materials, or offering memoranda/prospectuses, etc.) through the prospectuses or offering memoranda for such funds (either when such documents are first published or, in the case of existing documents, next updated). We acknowledge that the HFSB encourages Signatories to display the HFSB official Kite Mark in marketing materials and/or offering memoranda/ prospectuses and /or on our/their websites and confirm that, where we consider it appropriate, will do so.~~ We further understand that upon acceptance of our application you may include our name as a Signatory to the Standards on your website and/or in materials which you may issue;

Ceasing to be a Signatory

~~We understand that the Board of Trustees of the HFSB, acting reasonably, but recognising that the final decision is at the Board's sole discretion, may revoke our Signatory status including without limitation in the event that we fail to comply with any of the undertakings given by us in our application to become a Signatory or Conformity Statement. We understand that if we fail to comply with any of the undertakings given by us in this application, or if the HFSB, acting reasonably, determines that our continued status as a Signatory would cause reputational damage to the HFSB, the Board of Trustees may, at their sole discretion, revoke our Signatory status.~~ We can also elect to cease being a Signatory at any time upon written notice to the HFSB. In the event that we do cease to be a Signatory we will not hold ourselves out in any way as a Signatory and in particular will cease to communicate in our marketing materials and/or to display on our website that we are a Signatory to the Standards.

2. Conformity Statement

- ~~• we will display an HFSB Kite Mark on our website and/or in marketing materials provided to investors and potential investors in the hedge funds managed or advised by us when it has been made available to us upon the receipt of this statement;~~
- we have done, and will continue to do, what we reasonably can to ensure that the fact that we are a Signatory to the Standards is communicated to investors and prospective investors in the hedge funds managed or advised by us (e.g. via newsletters, website, marketing materials or offering memoranda/prospectuses, etc.) ~~through the prospectuses or offering memoranda for such funds; and~~
- we acknowledge that the HFSB encourages Signatories to display the HFSB Kite Mark on ~~our~~their websites, marketing materials and/or offering memoranda/prospectuses and confirm that, where we consider it appropriate, we have done so; and
- we understand that the Board of Trustees of the HFSB, acting reasonably, but recognising that the final decision is at the

Appendix 3: Overview of the HFSB Accounts

| | Year to 31 Jan 2013 | Year to 31 Jan 2012 | Year to 31 Jan 2011 | Year to 31 Jan 2010 | Year to 31 Jan 2009 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | £ | £ | £ | £ | £ |
| TURNOVER | 905,075 | 862,113 | 784,645 | 898,167 | 602,509 |
| Administrative expenses | (886,120) | (845,170) | (956,465) | (829,487) | (602,365) |
| LOSS/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 18,955 | 16,943 | (172,206) | 68,680 | 144 |
| Tax on loss/profit on ordinary activities | 13 | - | 15,102 | (14,516) | (599) |
| LOSS/PROFIT FOR THE FINANCIAL YEAR | 18,968 | 16,943 | (157,104) | 54,197 | 909 |

All activities derive from the continuing operations.