To require the President’s Working Group on Financial Markets to conduct a study on the hedge fund industry.

In the House of Representatives
January 27, 2009

Mr. Castle introduced the following bill; which was referred to the Committee on Financial Services

A BILL
To require the President’s Working Group on Financial Markets to conduct a study on the hedge fund industry.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Hedge Fund Study Act”.

SEC. 2. STUDY AND REPORT ON HEDGE FUND INDUSTRY.
(a) Study.—The President’s Working Group on Financial Markets shall conduct a study of the hedge fund industry. The study shall include an analysis of—
(1) the changing nature of hedge funds and what characteristics define a hedge fund;

(2) the growth of hedge funds within financial markets;

(3) the growth of pension funds investing in hedge funds;

(4) whether hedge fund investors are able to protect themselves adequately from the risk associated with their investments;

(5) whether hedge fund leverage is effectively constrained;

(6) the potential risks hedge fund pose to financial markets or to investors;

(7) various international approaches to the regulation of hedge funds; and

(8) the benefits of the hedge fund industry to the economy and the markets.

(b) REPORT AND RECOMMENDATIONS.—Not later than 180 days after the date of enactment of this Act, the President’s Working Group on Financial Markets shall submit a report on its findings to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate. The report shall include recommendations, including—
(1) any proposed legislation relating to appropriate disclosure requirements for hedge funds;

(2) the type of information hedge funds should disclose to regulators and to the public;

(3) any efforts the hedge fund industry or regulators of financial institutions should undertake to improve practices or provide examples of successful industry initiatives; and

(4) any oversight responsibilities that members of the President’s Working Group should have over the hedge fund industry, and the degree and scope of such oversight.