



Morgan Lewis

**ADVANCED TOPICS IN
HEDGE FUND PRACTICES
CONFERENCE**

**Manager and Investor Perspectives
WEBINAR SERIES**

Track 1: Operations

Tuesday, May 10, 2022

www.morganlewis.com/2022hedgefundconference

Hedge Fund Terms and Operations

Speakers



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Year in Review: Market Developments



Performance

➤ 2021 Year in Review

- Strong overall hedge fund industry performance buoyed by market dislocation and high volatility
- Most, if not all, strategies and sub-strategies experienced positive performance
- Most, if not all, regions experienced positive performance with North America leading the way
- Cryptocurrency funds generally out-performed all other funds

➤ 2022 Q1 Update

- Declining performance reflected market disruptions due to inflation, monetary policies, geopolitical tensions, and energy prices
- Strategies and regions had varying results, but virtually all were negative

Year in Review: Market Developments



Capital Flows

- **Inflows and Outflows**
 - Strong performance and risk-protection focus of investors led to net inflows
 - First positive capital flow in years
 - Hedge fund AUM exceeded \$4 trillion by end of 2021, a new milestone
- **Fund Launches and Liquidations**
 - 2022 launches exceeded liquidations
 - Niche strategies, especially cryptocurrency/digital asset funds, led launch uptick

Year in Review: Market Developments



Strategies and Products

- Hybrid Funds
- Cryptocurrency/Digital Asset Funds

Year in Review: Market Developments



Terms

- **Management Fees**
 - Continued downward pressure, despite strong performance and net capital inflows
 - Tiered fee rates, tied to AUM or liquidity terms, increasingly common
- **Incentive Allocations**
 - Hurdles: hard v. soft, compounding v. non-compounding
 - Lower rates to attract new capital offered by performance laggards
- **Fee Discounts**
 - Demand (expectation?) from seed, anchor and other strategic investors
 - MFN concerns versus disclosure concerns
- **Expenses**
 - Increased specificity: clarification or change in practice?
 - Contractual limits versus regulatory prohibitions

Year in Review: Market Developments



Terms

Liquidity

- General Terms
 - Frequency
 - Notice
 - Gates
 - Lock-Ups
 - Payment terms and holdbacks
- Accelerated redemption rights

Disclosure

- Investors continue to push for customized reporting and transparency
 - Portfolio performance
 - Notice of certain events
- Managers are increasingly adopting approaches to create uniformity and meet operational challenges
 - Enhanced disclosure in fund documents
 - Standardizing covenants across all side letters
 - Policies against side letters altogether in favor of using disclosure letters
- Impact of SEC proposed private fund rules

Year in Review: Market Developments



Terms

- Exculpation and Indemnification
- Conflicts of Interest

Year in Review: Market Developments and Impact of Regulatory Developments



Operations – Remote vs. Live

- Return to Work
- Return to Travel
- Operational Due Diligence
- Fundraising and Allocations

Year in Review: Market Developments and Impact of Regulatory Developments



Operations – Impact of SEC Proposed Private Fund Rules

- Side letter practice could be significantly curtailed with prohibitions against preferential treatment of certain investors
 - Liquidity rights
 - Portfolio information
- Enhanced reporting and disclosure obligations would necessitate new policies and procedures and updates to governing documents, offering memoranda, and side letter
 - Quarterly reporting
 - Private fund audit rule
- Obligation to disclose certain practices and arrangements would shift to outright prohibitions
 - Charging of certain fees and expenses
 - Seeking reimbursement and indemnification
- Transformation of Form PF into a current reporting form in order to enhance systemic risk monitoring
 - Would result in increased compliance burdens that could strain resources
 - Current reporting could trigger SEC scrutiny and heightened investor diligence

Year in Review: Market Developments and Impact of Regulatory Developments



Operations – Technology and Security

- Continued investor focus on systems and security capabilities of fund managers and service providers
- Specter of ransomware attacks
- Recent regulatory developments
 - SEC Proposed Cybersecurity Rules
 - Recent SEC Actions
 - DOL Guidance

Private Equity Trends for Hedge Fund Managers

Speakers



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Migration to Private Equity

In recent years, we have seen increasing activity by hedge fund managers investing in traditional private equity/debt. This trend is a result, in part, of the public markets and investor demand.

Traditional private equity/debt investing is generally a less liquid strategy and therefore many current hedge fund structures and terms are not well equipped to accommodate such private equity style investment strategies.

Hedge fund managers are attempting to modify their fund terms (or set up new funds with different terms) to address reduced liquidity of these investments by imposing gates, longer lock-ups, or increase of side pocket capacity.

Hedge funds, however, have certain advantages over private equity funds: hedge funds have no restrictions on when a PE-style investment can be made, can more easily reinvest capital, and can raise or draw in additional capital for its PE investments.

Multiple Fund Offerings

Compliance with disclosure in existing funds

Time and attention/exclusivity standards (in offering documents and seed agreements)

Sharing revenue among the principals

Expense allocations

Trade allocations

Co-investment rights

Cannibalization risk of flagship product

Business complexities

Basic Differences Between Hedge and Private Equity

Hedge Funds

- Liquid assets
- Incentive allocation
- High water mark
- Unrecouped losses
- One-time capital contribution

Private Equity Funds

- Illiquid assets
- Carried interest
- Waterfall
- Clawback
- Capital calls over time

Basic Differences Between Hedge and Private Equity



- **Hedge Funds**

- Open fundraising period
- Dilution based on NAV
- Fees based on NAV
- Periodic redemptions; sometimes subject to a lock-up
- Evergreen fund

- **Private Equity Funds**

- Limited fundraising period
- Dilution based on cost
- Fees based on commitments through investment period and capital invested thereafter
- No redemptions (limited exception for tax/ERISA/regulatory)
- Ten-year term

Alternative Structures for Accessing PE

Side Pockets

Hybrid and Cross-over Funds

- Customized mix and match of terms from either side
- Market acceptance
- Administrative considerations

Pledge Funds

- LP opt-in/opt-out rights
- Administrative considerations

Fund of Funds, Co-Investment Funds

Hybrid Funds



- A hybrid fund combines attributes of a hedge fund and a private equity fund.
- Hybrid funds – various forms:
 - Traditional hedge funds with side pockets (still common)
 - Private equity–styled fund with a large portion of its portfolio in public securities and a long hold period, with no incentive fee on unrealized appreciation, and limited or no redemption rights (limited rights may include rolling long lock-up periods)
 - Side-by-side fund (hedge fund for liquids and private equity fund for illiquids)
- Hybrid funds are bespoke.

Hybrid Funds



- **Benefits**

- Flexibility
- Bring to the forefront expectations about liquidity in the portfolio
- Alignment of the GP and LP interests and in the downside protection

- **Challenges**

- Complicated, operational challenges
- More in-depth investor negotiations
- Conflicts

Cross-Over Hedge Funds



- As hedge fund managers migrate into the private equity world, we are seeing greater interest in the formation of cross-over hedge funds.
- Cross-over hedge funds are funds that combine hedge fund strategies with private-equity investment strategies within a single fund vehicle.
- One main difference between a cross-over hedge fund and a hedge fund with significant side pocket capacity is a bifurcated fee and liquidity structure. In such instances, the fund manager seeks to create a mini-PE fund within the hedge fund with the mini-PE fund subject to traditional PE fund terms: limited offering, limited investment period, capital drawdowns, carried interest waterfall distribution terms, no mark-to-market for valuations, and a finite term. But where a private investment goes public, the cross-over fund does not need to exit the position and the hedge fund portion of the portfolio may (but need not) seek appropriate hedges on the private investments.

Hedge Fund Co-Investment Vehicles



- Hedge fund managers are offering with much greater frequency co-investment vehicles.
- Co-investment vehicles are:
 - any type of entity (partnership, corporation, business trust) established to invest in a “co-investment opportunity.” The co-investment vehicle can be for one or more investors or one or more co-investments in which the identity of the co-investment is either known or unknown (i.e., blind pools) to the investors.
 - generally managed by the same investment manager of the hedge fund and may invest in parallel with the hedge fund, which investment may be direct into the co-investment opportunity or indirect through blocker entities or other pooled investment vehicles.
- A “co-investment opportunity” is an opportunity to invest in parallel with or in combination with the hedge fund in a particular investment that is generally either too large, restrictive, or illiquid (or all of the foregoing) for the hedge fund alone.

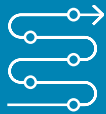
Hedge Fund Co-Investment Vehicles



Hedge fund managers are offering co-investment vehicles for the following reasons:

- Negative perception of “side pockets”
- Concentration and capacity limitations
- Opportunities in illiquid investments
- To showcase expertise and distinguish oneself from “the pack”
- Creation of goodwill; raise additional capital
- Dedicated fund for a manager’s “best ideas” or to co-invest alongside the flagship fund

Liquidity Concerns with Illiquid Structures



- Adequacy of valuation
- Risk management
- Inability to redeem
- Increase in secondary transactions for hedge fund side pockets
- Spinouts and reorganizations of illiquid assets

Trading and Investment Practices Affecting Hedge Funds

Speakers



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Section 13(D) Beneficial Ownership Rules

1. Acceleration of Schedule
13D Due Date

2. Acceleration of Schedule
13G Due Dates

3. Amendment Requirements

4. Group Redefined

5. Cash-Settled Derivatives

6. Significant Comments

Public Reporting of Security-Based SWAP Positions



Rule 10B-1 and Schedule 10B



Equity Thresholds

- a. Lesser of \$300 million gross long or short notional amount (or \$150 million notational amount plus \$150 million cash position); or
- b. More than 5% of the equity security.



Debt Threshold – The lesser of:

- a. a long notional amount of \$150 million (net of any long cash positions in a debt security underlying a security-based swap);
- b. a short notional amount of \$150 million; or
- c. a gross notional amount of \$300 million.



Schedule B – Publicly Filed

- a. Notional amount of the applicable Security-Based Swap Position with summary information about the composition of the position as it relates to the direction (i.e., long or short) and the tenor/expiration of the underlying security-based swap transactions
- b. Disclosure of Ownership of Underlying Securities

Short Sale Reporting

1. Rule 13f-2 -- Institutional investment managers exercising investment discretion over short positions meeting specified thresholds to report on the Proposed Form SHO information relating to end-of-the-month short positions and certain daily activity affecting such short positions.
 - a. Equity Securities of Reporting Issuers—gross short position meets or exceeds either
 - i. \$10 million or more at the close of regular trading hours on any settlement date during the calendar month; or
 - ii. a monthly average gross short position as a percentage of shares outstanding in the equity security of 2.5% or more.
 - b. Equity Securities of Non-Reporting Issuers – gross short position meets or exceeds \$500,000.
2. The Commission would aggregate the resulting data by security, thereby maintaining the confidentiality of the reporting managers, and publicly disseminate the data to all investors. This new data would supplement the short-sale data that is currently publicly available from FINRA and stock exchanges.
3. New Rule 205 of Regulation SHO, which would establish a new “buy to cover” order marking requirement for broker-dealers.

Issuer Buyback Rules

New Form SR before the end of the first business day following the day on which the issuer executes a share repurchase. Proposed Form SR would require the following disclosure of:

- 1) The date of the repurchase;
- 2) Identification of the class of securities purchased;
- 3) The total number of shares (or units) purchased, including all issuer repurchases whether made pursuant to publicly announced plans or programs;
- 4) The average price paid per share (or unit);
- 5) The aggregate total number of shares (or units) purchased on the open market;
- 6) The aggregate total number of shares (or units) purchased in reliance on the safe harbor in Exchange Act Rule 10b-18; and
- 7) The aggregate total number of shares (or units) purchased pursuant to a plan intended to satisfy the affirmative defense conditions of Exchange Act Rule 10b5-1(c).

The proposed amendments would also enhance the existing periodic disclosure requirements about these purchases required to be provided in Form 10-K and Form 10-Q for domestic issuers, Form 20-F for foreign filers, and Form N-CSR for registered closed-end funds.

Rule 10b-5 Reforms

The proposed amendments would add new conditions to the availability of the Rule 10b5-

- Rule 10b5-1 trading arrangements entered into by corporate officers or directors must include a 120-day cooling-off period before any trading can commence under the trading arrangement after its adoption, including adoption of a modified trading arrangement;
- Rule 10b5-1 trading arrangements entered into by issuers must include a 30-day cooling off period before any trading can commence under the trading arrangement after its adoption, including adoption of a modified trading arrangement.
- Creation of new disclosure requirements regarding issuers' insider trading policies and regarding the adopting and termination (including modification) of Rule 10b5-1 and certain other trading arrangements by directors, officers, and issuers;
- Creation of new disclosure requirements for executive and director compensation regarding the timing of certain equity compensation awards;
- Update of Forms 4 and 5 to require corporate insiders subject to the reporting requirements of Exchange Act Section 16 to identify transactions made pursuant to a Rule 10b5-1(c)(1) trading arrangement and to disclose all gifts of securities on Form 4;
- Officers and directors must certify that they are not aware of material nonpublic information about the issuer or the security when adopting a new or modified trading arrangement;
- The affirmative defense under Rule 10b5-1(c)(1) will not apply to multiple
- overlapping Rule 10b5-1 trading arrangements for open market trades in the same class of securities;
- 10b5-1 trading arrangements to execute a single trade are limited to one plan per 12-month period;
- 10b5-1 trading arrangements must be entered into and operated in good faith; and
- Issuers must disclose in quarterly reports the adoption and termination of Rule 10b5-1 trading arrangements and other trading arrangements by directors, officers, and issuers, and the terms of such trading arrangements.

Other Recent Reforms

1. Universal Proxy Adopted

2. Rule 14a-8 Position Reversals Regarding Significant Social Policy Proposals

- a) In permitting exclusion of proposals under the ordinary business exception, staff will no longer focus on determining the nexus between a policy issue and the company, but will instead focus on the social policy significance of the issue that is the subject of the shareholder proposal.
- b) In making this determination, the staff will consider whether the proposal raises issues with a broad societal impact, such that they transcend the ordinary business of the company.

Examination Insights for Private Fund Associated Broker-Dealers

FINRA

FINRA now has a fully developed team that specializes in examinations of, among others, broker-dealers that are placement agents for affiliate-advised private funds and distributors of affiliate-advised registered funds. In the last year and more recently, this unit has focused on specific topics, such as:

- a. Outside Business Activities and Private Securities Transactions**
 - i. Personal Investing in Private Offerings
 - ii. Personal Investing in Affiliate-Advised Funds
 - 1. Voluntary
 - 2. Required
 - iii. Investment Committee Role of Dual-Hatted Individuals
- b. Form CRS—When required?**
 - i. “Services” to Retail Investors
- c. Regulation BI—Why not applicable?**
 - i. Solicitations vs Recommendations
- d. ESAs with parents—How does compensation to employees flow?**
- e. Sanctions: since late-February, pointed requests about review of investors and attestations about updated reviews**
 - i. Others will discuss in the context of funds

Examination Insights for Private Fund Associated Broker-Dealers

SEC

OCIE laid out extensive priorities for 2022 examinations. Those of interest to placement-agent broker-dealers are the following:

- a. **Data and cybersecurity (SEC and FINRA)**
- b. **AML (SEC and FINRA)**
- c. **Trading activities (do you put trades in for your affiliated funds?)**
 - i. If so, dealer status issues (to be discussed on later panel)
 - 1. ATS status if you are actively trading with counterparties
 - 2. Large trader reporting

Links to SEC and FINRA Materials

2022 Examination Priorities Report (sec.gov):

<https://www.sec.gov/files/2022-exam-priorities.pdf>

2022 Report on FINRA's Examination and Risk Monitoring Program (finra.org):

<https://www.finra.org/sites/default/files/2022-02/2022-report-finras-examination-risk-monitoring-program.pdf>

Family Office Issues and Considerations

Speakers



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Family Offices

- What is a family office? A family office is an entity established by a family or group of families to manage wealth and provide other services including tax, wealth and estate planning.
- Family offices offer solutions for affluent families to achieve long-term wealth and preservation of assets.



Federal Transfer Tax System

- Annual Gifts: \$16,000 annually to any number of recipients
- Direct payments of tuition and healthcare expenses
- Unlimited transfers to US citizen spouse
- Highest federal estate/gift tax rate: 40%
- Current federal estate/gift tax/generation-skipping transfer (GST) tax exemption: \$12.06 million per taxpayer (or \$24.12 million for married taxpayers) (up from \$11.7 million per taxpayer in 2021)
- Transfers to charity are not subject to tax
- Current law scheduled to change January 1, 2026



Goals

- Manage and transfer wealth in a tax-efficient manner
- Leverage use of the current exemptions



Assets on Which to Focus

- Assets likely to appreciate
- General Partner Interest (including the carry); management company; and any LP interests



Current Environment

- Rising interest-rate environment represents a change from historically low IRS intra-family interest rates
- Rising valuations represents a change from historically low valuations; opportunities for long-term growth
- Continue to search for areas of opportunity to transfer wealth

Considerations for New Investments

How to Remove Future Appreciation Outside of Estate Using Intrafamily Transfers (gifts, loans, sales) for a **New** Investment:

Irrevocable Grantor Trust.

Husband is hedge fund manager starting new fund. Wife creates new irrevocable trust for benefit of Husband and children, with Husband as Trustee. Trust is grantor trust for federal income tax purposes (Wife pays income tax, not the trust). Wife makes a cash gift to trust that is covered by gift-tax exemption and allocates GST exemption to gift on a gift-tax return. Trust buys interest in a new entity that could be the GP of a fund. All trust assets outside of Husband's and Wife's taxable estates. If structured properly, assets will be outside of children's estates and not subject to transfer tax at each future generation.

Gift and Loan.

Husband hedge fund investor creates irrevocable grantor trust for benefit of Wife and children and makes a gift to the trust to which he allocates GST exemption on a gift tax return. Ideally, gift is subject to valuation discount if interest is nonmarketable and noncontrolling. Husband loans money to the trust; trust issues a long-term promissory note bearing **2.66%** interest. Trust buys limited partnership interest in the fund. The note receivable (which does not increase in value) and the 2.66% interest on loan will be included in Husband's taxable estate, but all appreciation of fund and earnings on appreciation will be estate tax free in the trust.

Considerations for Existing Investments

How to Remove Future Appreciation Outside of Estate for **Existing** Investments:

Grantor Retained Annuity Trust (GRAT).

Husband creates irrevocable trust (“zeroed-out”) and retains right to receive fixed annuity payment over two or three years. At end of term, assets in trust continue in trust for Wife and children. If trust assets appreciate at a rate greater than **3.0%** (May 2022), excess appreciation remains in trust gift and estate-tax free.





Caution:

– Be wary of Internal Revenue Code section 2701 rules. To minimize risk, transfer “vertical slice” or a proportionate amount of all of the interests that Husband owns in existing fund. Trust receives pro rata share of all same interests that Husband had.

– Consider whether GP carried interest is “vested.”

– Consider valuation risk exposure based on technique chosen.

Possible Impact of Tax Legislation

-  Importance of income-tax planning
-  Capital gains taxation at death
-  Changes in the estate tax prior to 2026
-  Proposal to address carried interest

General Recommendations



Understand nature of assets to best manage transfer tax opportunities and implications



Start transferring assets early, when values are low, and regularly to the extent that cash flow allows



Work closely with team of advisors so that every member of team is on lookout for opportunities



Ensure that foundational estate-planning documents are in good order: Revocable Trust, Will, Powers of Attorney, Life Insurance Trust

Private Fund Financings

Speakers



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Types of Fund Financings

- Subscription Facilities
- NAV Facilities
- Hybrid Facilities
- Asset-Backed Facilities
- Margin Facilities/PB Facilities
- Institutional Private Placements
- Securitizations (CFOs, etc.)
- Advisor/GP/Manager Facilities

Subscription Facilities



- Utilized by private equity funds
- Originally intended to bridge capital call
- Use as permanent/semipermanent leverage
- Master/feeder or similar multilevel structure may necessitate need for a "cascading pledge" structure
- Investor implications (including possible request for investor letters)

NAV Facilities



- Utilized by private equity funds and hedge funds
- Lending is done against the value of the underlying portfolio and its ability to generate sufficient returns to service debt
- Collateral consists of dividend/distribution stream and may include pledge of underlying assets

Hybrid Facilities



- Utilized by private equity funds
- Lender is lending against a combination of uncalled capital commitments and underlying investments
- Often used when fund is bringing on new investors or is near the end of its investment period
- Can get "blended" pricing in some circumstances

Asset-Backed Facilities



- Utilized primarily by hedge funds
- Similar to a NAV facility in that lender is lending against the investment portfolio
- Collateral is typically the underlying assets themselves, as well as the cash-flow stream
- May require a custodian in order to pledge a securities account (rather than needing to get GP/Manager consents)

Margin Facilities/PB Facilities



- Very popular for hedge funds
- Often done at PB level
- Committed vs. uncommitted
- Often less expensive in terms of pricing than a more traditional lending facility

Institutional Private Placements



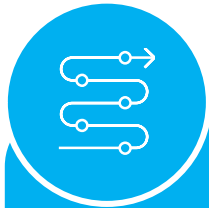
- Very active market in last two years
- Deal sizes have ranged from \$250M to \$3B
- Majority of issuers are either private equity funds or fund managers
- Many are either unsecured or secured by cash-flow stream

Securitizations (CFOs, etc.)



- Done in the private equity fund market
- Utilizes SPV structure
- Requires assets to be transferred from the fund to an SPV
- Notes will be rated

Advisor/GP/Manager Facilities



- Loan is against management fee and possibly carry
- Loans can be to fund co-invests or for distributions

Lawyer Biographies

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Marion Giliberti Barish represents lenders and borrowers in financing transactions relating to mutual funds, hedge funds, and other private equity funds. Marion also represents entities in connection with structured finance transactions, including the use of various types of derivatives, and advises entities in connection with debt trading, both with respect to par and distressed debt trades. Her practice includes the representation of hedge funds, investment advisers, private equity sponsors, banks, surety companies, insurance companies, finance companies, and other financial institutions as well as corporate, limited liability company, partnership, and other types of borrowers in connection with a wide variety of financing transactions.

Marion has represented both borrowers and financial institutions in connection with the financing of mutual funds, hedge funds, venture funds, and other investment vehicles and has advised clients with respect to par and distressed debt trading, both in the United States as well as foreign jurisdictions. In addition, she has experience in cross-border financing transactions and has represented financial institutions in many international secured financing transactions. Marion also represents lenders and borrowers in a large variety of areas, including investment management, technology and energy. She represents various financial institutions in providing DIP facilities, including surety facilities, and is knowledgeable in domestic and international acquisition financing, leveraged recapitalizations, asset-based transactions, real estate-based financings, and tender offer financings.

Marion's recent matters have involved the representation of hedge funds in connection with obtaining financing and transactions involving other credit products as well as the representation of certain lenders and other credit providers in providing financing and structured products to mutual funds and hedge funds. Other recent matters include representing private equity funds and private and public companies in connection with acquisitions and recapitalizations and for working capital purposes as well as the representation of certain financial institutions providing DIP financings to debtors. Marion has represented mutual funds, private equity funds and venture funds in connection with their financing needs as well as other borrowers in connection with working capital lines, acquisition financings, mezzanine financing, "Term B" financing, DIP financings, recapitalizations and leveraged transactions, including leveraged buyouts.

Marion is an adjunct professor at Suffolk University School of Law, where she teaches a bank finance practicum. Before joining Morgan Lewis, Marion was a partner in the investment management practice of another international law firm.

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Gregg Buksbaum focuses his practice on domestic and international business transactions, primarily representing private fund sponsors and institutional investors in the formation of, and investment in, various types of private investment funds, including private equity, hedge, venture capital, real estate, infrastructure, mezzanine, credit, distressed debt, special opportunity and funds of funds, among others. He has extensive experience with co-mingled funds and bespoke funds of one, managed accounts and similar investment management arrangements. Gregg also represents clients in private equity and venture capital transactions, joint ventures, financings, entity formation, and other domestic and cross-border transactional matters in developed and emerging markets in a variety of industries.

Gregg works with new fund and fund-less sponsor groups in helping them navigate the challenges of setting up operations and employing best practices, and with established sponsors who have more complex institutional needs, such as succession planning, profit-sharing schemes, and conflicts management due to expanding business platforms. He also advises on joint ventures between sponsor groups seeking to merge platforms and/or raise co-sponsored funds.

His experience also includes negotiating seeding and revenue sharing arrangements, sub-advisory arrangements, placement agent agreements, and providing counsel on investment adviser regulatory and compliance matters at the state and federal levels.

Gregg regularly advises institutional investors—including sovereign wealth funds, public pension plans, family offices, funds of funds, and other similar investors—in negotiating their investments in a variety of private investment funds and managed account platforms, as well as negotiating secondary transactions, co-investments, direct investments and arrangements with transition managers, prime brokers, custodians, and commodities trading advisers.

Notably, Gregg has served as outside counsel to fund managers, advising them on a range of fund management issues, best practices and compliance, as well as serving as outside counsel to private companies, counseling them on a range of corporate governance issues, as well as on issues concerning employment, tax, and regulatory matters.

Before joining Morgan Lewis, Gregg was a partner and chair of the private investment funds practice at another global law firm. He previously has counseled clients in the coordination and interplay of business and US foreign policy and has interacted with Congress and executive branch departments and agencies in those endeavors.

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Christopher J. Dlutowski represents institutional investors—including public and private pension plans, family offices, sovereign wealth plans, universities, endowments, and funds of funds—on their investments in private equity, hedge, venture capital, private debt, real estate, infrastructure, hybrid, and other private funds, funds-of-funds, managed accounts, co-investments, and direct investments, and on governance and compliance issues. Christopher also counsels private investment funds—including US domestic and offshore private equity funds, hedge funds, and funds-of-funds—and investment management firms on the formation and structuring of funds, trading and other investment activities, capital raising, registration and other regulatory issues, and ongoing operations.

Christopher has more than 20 years of experience in customized investment products, including strategic partnerships, captive funds, and co-investment funds, in all asset classes.

Christopher has presented on private investment funds topics at numerous investment management conferences and training programs. Prior to re-joining Morgan Lewis, Christopher was vice president and corporate counsel at Prudential Financial, Inc. where he advised investment management clients on their hedge funds and other alternative investment products, US and foreign institutional investor mandates, trading activities (including securities, derivatives, lending, and financing transactions), marketing efforts, domestic and foreign registration, and other regulatory issues.

Christopher is the chair of the firm's institutional investors working group, a co-leader of the firm's education industry team, a member of the firm's diversity and inclusion committee, a member of the New York office's recruiting committee, and the head of the New York office's LGBT lawyer network.

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Christina Mesires Fournaris advises clients on estate, tax, and generational wealth planning. High-net-worth individuals, multigenerational family groups, entrepreneurs, and owners of privately held businesses are among her clients. A significant portion of her time is devoted to working with women business owners, as well as women who control their family's wealth. Her practice includes advising clients on trusts, tax planning, philanthropic and charitable giving, and estate planning.

When working with families, Christina counsels family groups and family offices on the management of their holdings and management of trusts that represent family members. When she facilitates a family meeting, Christina helps the family develop a mission statement. She also educates family members on the importance of trusts, and the tax and investment considerations for various family trusts.

In her work with business owners, Christina counsels them before major liquidity events. She also structures transfer tax vehicles to shift wealth to the next generation in a tax-efficient manner.

Christina also works with individual and corporate fiduciaries on trust and estate administration matters, including counseling clients on best practices, as well as federal and state fiduciary income tax implications. She also advises clients on charitable planning techniques, including major planned gifts of various assets, charitable trusts, and private foundations.

She frequently speaks to audiences that include insurance, financial, and investment professionals and advisers.

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Amy Natterson Kroll counsels US and non-US financial institutions on US regulatory requirements and best practices related to broker and dealer activities. Clients seek Amy's advice on, among other things, issues related to implementation of new regulations; the acquisition and sale of broker-dealers; expansion of business and related regulatory requirements for financial institutions; and regulations related to the capital markets, such as research activities and research analysts, supervisory controls and internal controls, and cross-border securities activities. Amy also advises clients on the collateral consequences of enforcement, civil, and criminal actions. She has a specific interest in the issues central to regional full-service and mid-market broker-dealers.

Amy worked at the Securities and Exchange Commission twice. From 1997–1998 she was assistant general counsel (legislative and financial services) at the SEC, to which she had returned after five years in private practice counseling broker-dealers and other financial institutions. From 1984–1991, during her first tour of SEC service, she served in positions of increasing responsibility, first as an attorney-adviser in the division of Market Regulation (now the division of Trading & Markets), and subsequently as counsel to Commissioner Edward H. Fleischman and as senior special counsel in the division of Corporation Finance, Office of International Corporate Finance.

From 1998–2003, Amy was an independent consultant, focusing on issues confronted by non-US financial entities seeking to engage in broker-dealer activities in the United States. During that time, she also taught at the Washington College of Law, American University.

Amy serves as the Washington office practice group leader for the firm's investment management practice. She previously served as a member of the NASDAQ Market Operations Committee. Prior to joining Morgan Lewis, Amy was a partner in the financial institutions regulatory, enforcement, and litigation practice at another international law firm.

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Brian Jacobson represents and advises clients in the alternative investment and private fund industries. He counsels institutional investors in connection with the structuring and terms of their investments in private investment funds, co-investments and other alternative investment vehicles. He also advises fund managers with respect to the organization, formation, and operation of private investment funds and other alternative investment products, including with respect to regulatory and compliance matters. He is admitted in Minnesota only, and his practice is supervised by IL Bar members.

Brian represents a range of institutional investors, such as endowments, nonprofit foundations, pension plans, insurance companies, family offices, registered investment advisers, and healthcare systems. He counsels institutional investors in connection with structuring private fund and other alternative investments, including negotiating fund terms and side letter rights. Brian also advises institutional investors as buyer or sellers of private fund interests, preferred equity offerings, and other secondary transactions and restructurings.

Brian counsels private fund sponsors and other investment managers in the structuring and management of private equity funds, venture capital funds, funds of funds, hedge funds, and hybrid funds. His practice includes the organization of other investment vehicles and structures, such as single investor funds, co-investment vehicles, managed accounts, and other special purpose investment vehicles. He also advises on other investment products and services, including managed account agreements, commodity pools, and investment platforms.

Brian advises registered investment advisers on registration and compliance matters under the Investment Advisers Act, federal and state securities laws, commodity and futures regulations, and corporate governance matters. His practice involves counseling investment advisors on compliance policies, advertising materials, advisory contracts, and regulatory developments.

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Ruoke Liu represents institutional investors (including Chinese insurance companies, US pension funds, and endowments), private equity funds, and hedge funds. She represented China Life Insurance Co. Ltd. in its \$940 million investment in a platform managed by Starwood Capital and formed to acquire a portfolio of 280 select-service hotels in the United States. Ruoke also has experience in mergers and acquisitions. She speaks native Mandarin and is fluent in English.

During law school, Ruoke worked with Judge Richard Posner as his research assistant. She also worked in a major international law firm's Hong Kong office.

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David A. Sirignano focuses on international and domestic corporate finance, mergers and acquisitions (M&A), and US Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) regulation. David represents foreign and domestic public companies, broker-dealers, underwriting syndicates, investment managers, and private funds with respect to issues arising under US federal securities laws, including SEC and FINRA registration and reporting obligations, disclosure issues, and insider trading and trading practice regulation.

Before joining Morgan Lewis, David was associate director for international corporate finance in the Division of Corporation Finance at the SEC. In that position, he developed SEC policy on cross-border offerings, acquisitions, and listings, which included offshore Internet offerings, international disclosure and accounting standards, and international corporate governance guidelines. David also advised the SEC and its Division of Enforcement on financial fraud cases and cross-border offering abuses. Earlier, he served as senior legal advisor to the SEC's director of the Division of Corporation Finance, and as staff director of the Advisory Committee on Capital Formation and Regulatory Processes. He also served for seven years as chief of the division's Office of Tender Offers, administering rules on M&A, going private transactions, and proxy contests.

David is a former vice-chair of the ABA Federal Regulation of Securities Committee and a former chair of the ABA Subcommittee on Corporate Disclosure. He also served as a member of the FINRA Corporate Financing Committee. He speaks frequently at conferences and continuing legal education programs on public and private financings, corporate reporting and governance, M&A, and private fund regulation.

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Jedd H. Wider focuses on global private investment funds and managed accounts, particularly global hedge, private equity, secondary, and venture capital funds. As co-leader of the global private funds practice, he represents leading financial institutions, fund managers, and institutional investors in their roles as fund sponsors, placement agents, and investment entities. He assists clients through all stages of product development and capital raising as well as customized arrangements, seed and lead investor arrangements, and joint ventures. He specializes in all aspects of secondary transactions, and complex financial structurings.

Jedd concentrates on all aspects of bespoke fund products and arrangements including funds of one and managed accounts and regularly advises clients on all aspects of regulatory compliance.

Members of the international media often seek out Jedd for his views on the hedge fund and private equity fund industries and capital markets. His analysis can be found in US and international publications, including *The Wall Street Journal*, *The Economist*, and *Financial Times*, as well as on television networks such as Bloomberg and CNN.

Jedd lectures and serves as a panelist on private investment fund topics for trade programs and organizations around the world. He has delivered speeches and presentations to numerous private fund conferences such as the Hedge Fund Institutional Forum, Dow Jones Private Equity Analyst Limited Partners Summit, Endowments & Foundations Roundtable, Association of Life Insurance Counsel, National Association of Public Pension Fund Attorneys (NAPPA), West Legalworks, InfoVest21 Hedge Fund Conference, the Annual Euromoney Summit of European Hedge Funds in London, Capital Roundtable Fund Conferences, the Annual International Conference on Private Investment Funds in London, the Wharton Private Equity and Venture Capital Conference, the On Point Investors and Hedge Fund Risk Summit, and the Lazard Capital Markets Hedge Fund Conference.

Jedd is listed in *The US Legal 500*, *Chambers Global: The World's Leading Lawyers*, and *Chambers USA: America's Leading Lawyers for Business*.

He serves as an editorial board member of *The Journal of Investment Compliance* and as an editor of the *Morgan Lewis Hedge Fund Deskbook: Legal and Practical Guide for a New Era* published by Thomson Reuters/West. He regularly publishes articles on current hedge fund and private equity fund topics. He co-chairs the Annual Morgan Lewis Advanced Topics in Hedge Fund Practices Conference and chairs Morgan Lewis's Hedge Fund University Web Series.

Jedd clerked for Judge Nicholas Politan of the US District Court for the District of New Jersey and for US Attorney Rudolph Giuliani of the Southern District of New York.

He is conversant in French.

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Joseph D. Zargari focuses on the private investment fund industry, including the structuring, formation, governance, and regulation of and investment in US and non-US hedge funds, private equity funds, venture capital funds, managed accounts, and other products. In addition, Joe has a significant practice representing buyers, sellers, and general partners in secondary transactions (including portfolio sales of fund interests and GP-led transactions). He also provides legal, regulatory, and transactional advice for investment managers and institutional investors. Joe is the practice group leader for the New York office investment management practice.

Actively engaged in all aspects of the private funds practice, Joe's experience covers all types of private investment funds, including hedge funds, private equity funds, venture capital funds, secondary funds, real estate funds, credit funds, infrastructure funds, energy funds, funds of funds, hybrid funds, and funds of one. He counsels sponsors through all stages of product development and capital raising, including management company and fund formation, placement agent agreements, seed and lead investor arrangements, regulatory and compliance issues, and investment activities (including direct investments and co-investments). He also advises funds of funds, pension plans, endowments, family offices, and other institutions in connection with their investments in private funds.

In addition, Joe regularly represents clients engaged in secondary transactions (including traditional purchases and sales of fund interests, fund recapitalizations and restructurings, tender offers, and structured, stapled, and synthetic secondary deals) and is a frequent speaker on the subject. He advises secondary funds, institutional investors, pension plans, endowments, family offices, and other institutions in their capacities as buyers and sellers of private fund interests on the secondary market, and has counseled clients in many leading secondary transactions.

Joe has presented at a number of industry conferences on investment management-related matters, including at conferences sponsored by the Managed Funds Association and the National Association of Public Pension Attorneys, as well as at conferences sponsored by Morgan Lewis in New York, London, Chicago, Boston, and Dallas.

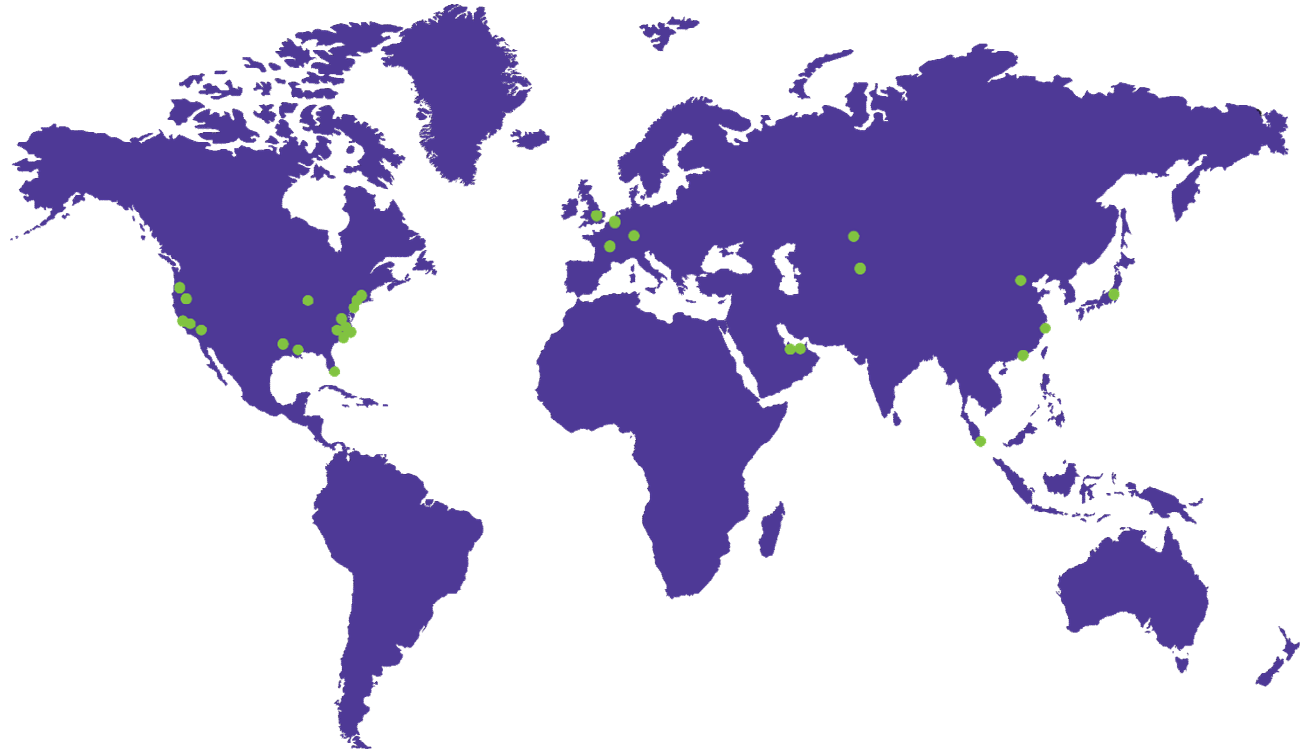
Joe has also authored, and been interviewed for, articles on fund formation, investment management, and secondary transaction matters in various publications, including *Private Equity Law Report*, *PEI's Secondaries Investor* publication, *Hedge Fund Legal & Compliance Digest*, HedgeFund Intelligence's *Absolute Return* magazine, and the Morgan Lewis *Hedge Fund Deskbook*.

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