

Blog Post

What Financial Regulatory Reform Means to Private Funds

Posted on **August 6, 2010** by Charles T. Marshall

The Line is pleased to bring you the first in an ongoing analysis of financial regulatory reform with this alert on the impact on private equity funds from several of our experienced colleagues, David Buck, Bill Rivers, Vic Zanetti and Peter Bogdanow.

On July 21, 2010, President Obama signed HR 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), which puts in place a substantial regulatory overhaul for business, especially in the financial industry. The Act includes various new laws affecting fund managers, the most notable of which is "hedge fund registration," whereby advisers to hedge funds, as well as private equity funds, real estate funds and venture capital funds, will be required to register with and/or report to the SEC. Hedge fund registration, or "private fund registration," will substantially enhance compliance costs for fund managers. While the Act generally affects larger funds, it contains a number of provisions that will be troubling for middle-sized and even smaller funds, as well as additional record-keeping requirements and reporting requirements for investment advisers to private funds. The Act also creates additional challenges and opportunities for private investment funds, including (i) limiting bank involvement in the private fund space, (ii) introducing new corporate governance reforms and (iii) regulating the trading of swaps.

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