



General Counsels

Benefits, Challenges and Recommendations for Persons Simultaneously Serving as General Counsel and Chief Compliance Officer of a Hedge Fund Manager

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As a result of law, regulation, investor pressure or the gravitational pull of best practices – or a combination of these forces – more and more hedge fund managers feel the need to have a general counsel (GC) and a chief compliance officer (CCO). For managers with both titles on the organization chart, the question inevitably arises: Should different people serve in the different roles, or should one person serve in both roles? There are advantages and disadvantages to both approaches. A so-called “dual-hatted” employee serving as both GC and CCO is typically less expensive from a compensation perspective, but the volume of work at a larger or more complex manager may be more than one person can handle. But the analysis extends well beyond compensation and quantity of work. The decision to dual-hat implicates attorney-client privilege issues, examination preparedness, the reliability of internal controls, the effectiveness of marketing and investor relations and other issues. At a fundamental level, the decision will inform the scope and depth of the manager’s “culture of compliance” – and it is not necessarily the case that a hedge fund manager with a dual-hatted GC/CCO has an inferior culture of compliance. The analysis is more refined, and often turns on the structure and strategy of the manager, and effectiveness and ethics at the individual level.

The goal of this article is to help hedge fund managers think through the issues raised by dual-hatting. For managers considering dual-hatting, this article provides a roadmap to the relevant questions. For managers that have already made a decision with respect to dual-hatting – whether for or against – this article highlights relevant issues and strategies for addressing them. In particular, this article discusses: the roles and responsibilities of the GC and CCO; the benefits and costs of having one employee wear both hats; recommendations for hedge fund managers that wish to employ such arrangements; and alternative solutions for hedge fund managers that choose not to use such arrangements. This article also includes specific compensation ranges for hedge fund manager GCs, CCOs and dual-hatted employees.

Defining the Basic Roles of the General Counsel and Chief Compliance Officer

Role of the General Counsel

Broadly speaking, the responsibilities of a GC of a hedge fund management firm typically include: advocating for and defending the firm with respect to legal actions and proceedings involving regulators, investors, service providers, etc.; defending the firm in regulatory examinations and enforcement proceedings; representing the firm with respect to corporate matters; ensuring that the firm complies with all legal requirements applicable to its operations, including securities laws and employment laws; and potentially supervising the firm's compliance function.

Scott Black, General Counsel and Chief Compliance Officer of Hudson Bay Capital Management LP, explained that the particular responsibilities of the GC will depend on the firm's individual structure, strategies and operations. The GC may be responsible for, among other things, drafting fund documents and subscription agreements; negotiating contracts with service providers and trade counterparties; managing other corporate transactions; identifying and addressing legal risks related to trading, including reviewing post trade reports; handling employment issues, litigation matters and product development; and coordinating the firm's response to inquiries from clients. For additional insight from Black, see "[Strategies for Avoiding Insider Trading Violations: A Perspective Informed by SEC Service, Private Law Firm Practice and Work as General Counsel of a Hedge Fund Manager](#)," Hedge Fund Law Report, Vol. 4, No. 34 (Sep. 29, 2011).

Another GC and CCO of a well-known hedge fund manager added, "One of the jobs of the GC is being a risk manager – you are determining the adjusted legal risk. If the compliance organization does not roll into you, you can have different degrees of risk tolerance that you are not comfortable with. The general assumption is that the compliance department is going to be more conservative than the legal department, but that is a flawed assumption that does not always hold true."

With respect to qualifications, the GC should be a highly capable and business-minded lawyer, with specific domain expertise and relevant experience. As Stephen McShea, General Counsel and Chief Compliance Officer of Larch Lane Advisors LLC, explained, "As a general matter, you need a broad-based experience set consisting of general business and corporate law. As a more focused matter, you need several years of experience dealing with the Investment Advisers Act of 1940 (Advisers Act), regulatory compliance and fund formation work." At a mechanical level, a GC is still a lawyer and, as such, is required to have an advanced education and appropriate licensing, and must adhere to a professional code of conduct.

The sources of authority for a GC generally arise from licensing and professional conduct rules governing the legal profession. In assuming the role of a GC, the individual represents the hedge fund manager in performing his or her duties – not fund investors and not fund manager employees in their individual capacities. GCs are tasked with looking out for the best interests of the hedge fund manager, and those interests may not always be aligned with the best interests of investors or employees. Nonetheless, Black explained, "The general counsel is an employee of the management company, and the management company has fiduciary duties to the clients. As a technical matter, the GC is representing the fund manager, but by way of the fiduciary duty the adviser owes to the clients, he is also representing the funds."

In terms of compensation, general counsel salaries generally range from approximately \$425,000 to \$3.28 million – with an average salary of \$1.08 million, David Claypoole, Founder and President of Parks Legal Placement LLC, explained.

Role of the Chief Compliance Officer

Broadly speaking, a chief compliance officer is responsible for identifying the firm's compliance risks; developing and implementing the firm's compliance program; supervising firm compliance with relevant laws, rules and regulations; monitoring and testing compliance with firm policies and procedures; updating compliance policies and procedures; conducting periodic compliance reviews; and preparing the firm for regulatory examinations and audits.

As Larch Lane's McShea explained, "There are the obvious day-to-day, month-to-month or annual compliance obligations, such as ensuring that the Form ADV annual updates or amendments are filed on a timely basis; ensuring that marketing materials are properly reviewed; and ensuring that your access persons' quarterly trading reports are submitted and reviewed. In short, as CCO, you need to oversee the implementation and effectiveness of your Advisers Act compliance manual and ensure that your firm is satisfying its regulatory obligations."

With respect to the skill set required to serve as a hedge fund manager's CCO, the SEC has stated – in the [release](#) adopting Rule 206(4)-7 under the Advisers Act – that a chief compliance officer "should be competent and knowledgeable regarding the Advisers Act and should be empowered with full responsibility and authority to develop and enforce appropriate policies and procedures for the firm. Thus, the compliance officer should have a position of sufficient seniority and authority within the organization to compel others to adhere to the compliance policies and procedures." Lori A. Richards, former Director of the SEC's Office of Compliance Inspections and Examinations, expounded on the SEC's expectations during a speech given at an Investment Company Institute/Independent Council conference in June 2004, explaining that a CCO should also "understand how the industry works, the products and services offered by the firm, the nature of the services provided by service providers and the firm's operational and compliance structure. Certainly it will be important for her to be able to 'think outside of the box' and to question and reassess past practices. She should look at product, market and regulatory trends to identify existing and emerging compliance risk areas. The Chief Compliance Officer is now a risk manager, a strategist and importantly, an integral part of senior management – someone with a voice at senior corporate levels that cannot be ignored." A CCO must have a thorough understanding of regulatory requirements, how various rules and regulations impact the firm and the ability to interpret these laws to develop and implement a robust compliance program. While a legal background certainly enhances a CCO's understanding of the laws and regulations that apply to a hedge fund manager, the CCO does not necessarily need to be a lawyer by training.

McShea corroborated these points, explaining, "A CCO should be knowledgeable and have a very good, in-depth knowledge of the Advisers Act. You also need to have knowledge of and experience with implementing your firm's compliance obligations under the Advisers Act."

Eva Marie Carney, a Partner at Richards Kibbe & Orbe LLP, explained, "I think the most effective CCOs are people who are detail-oriented, can understand the business and have the intellect to expand their knowledge base and capabilities as the business grows. The willingness to really engage with the business side and to keep up to date on regulatory developments and enforcement priorities and how these could impact your firm are also important. A level head, good composure, sense of humor and the ability to interact with a wide range of firm personnel, third party vendors and the like all help, too. The most effective CCOs also have the presence to represent the firm credibly in meetings with potential investors and in presentations to regulators and others."

CCOs derive their authority from the hedge fund manager itself, not from holding a particular license or by following a particular code of conduct. For more on the CCO position, see "[Who Should Newly Registered Hedge Fund Managers Designate as the Chief Compliance Officer and](#)

How Much Are Chief Compliance Officers Paid?," Hedge Fund Law Report, Vol. 4, No. 7 (Feb. 25, 2011).

In considering hiring someone as a dedicated CCO, firms must be prepared to spend a significant amount of money. According to Claypoole, the compensation for a dedicated CCO can range from \$330,000 to \$900,000 – with the average salary of the CCO being \$584,444 before considering bonuses or other employee benefits.

What Are the Advantages of Having a Single Person Serve as Both GC and CCO?

There are at least three principal benefits of having a single person simultaneously serve as a hedge fund manager's GC and CCO.

The first benefit, as Claypoole explained, is that the salary paid to a person serving in both capacities will be less than the amount that would be paid to two separate individuals hired to serve as the manager's GC and CCO. In fact, Claypoole elaborated that a dual-hatted GC/CCO tends to make less than someone serving solely as GC but slightly more than a dedicated CCO. The salary for a person that simultaneously serves as GC and CCO ranges from \$300,000 to \$1.85 million – with the average salary being \$818,654.

Second, hiring a person to serve both as GC and CCO can ensure that a GC will be intimately familiar with the manager's compliance function. McShea explained, "There is a benefit in having your general counsel being familiar with all of your regulatory compliance obligations. There is no better way for a GC to be familiar with those compliance obligations than for him or her to have the ultimate responsibility for ensuring that those obligations are satisfied, which comes with being the CCO."

Third, as a related point, hiring one person to fill both roles can minimize some of the risks associated with a lack of communication between the CCO and GC, particularly where the CCO reports directly to the GC. See "**To Whom Should the Chief Compliance Officer of a Hedge Fund Manager Report?,"** Hedge Fund Law Report, Vol. 4, No. 22 (Jul. 1, 2011). This type of dual-hatting arrangement can also minimize the amount of time needed to respond to a particular compliance situation as the CCO does not need to report to and discuss the compliance situation with another employee serving as the GC.

Practical Challenges Associated with Dual-Hatting of the GC/CCO Roles

There are at least five significant challenges raised by having a single person serve as both GC and CCO.

First, given the roles played by GCs and CCOs, there is an abiding question as to whether a dual-hatted employee would have sufficient time to perform both roles effectively. Irwin Latner, a Partner and Chair of the Hedge Fund Group at Herrick, Feinstein LLP, explained that serving as the GC of a hedge fund manager is a very time-consuming obligation, and, depending on the size of the firm, its organization and the complexity of its trading strategies, adding the responsibilities of the CCO to the GC's responsibilities may hinder performance of one or both roles. "You have so many legal and compliance functions at a larger firm that the GC may not

have time to devote to the day-to-day nuts and bolts of compliance monitoring and oversight. The GC may not have the time to do the day-to-day forensic and proactive monitoring and nitty-gritty compliance work that is demanded of the CCO. That's a big drawback and something hedge fund managers need to consider."

Added Carney, "I think it's extremely challenging from a time perspective because both roles are very significant. In a relatively small organization with 'standard' investment strategies, it is certainly doable. Serving in both capacities for larger organizations or those with complex structures and strategies becomes exceedingly challenging. Serving in both roles requires a good deal of juggling and is very time-consuming. Strong organizational skills are a must, and having the ear and the support of your firm's senior management is critical. Where I have seen someone serving in both roles, the person has kept his or her head above water by securing the help of a compliance assistant to take care of much of the testing and confirmatory work with respect to code of ethics compliance and the like. I have also seen **outsourcing** of routine functions and review work."

The failure of a dual-hatted employee to perform both functions effectively may bring investor lawsuits. For instance, in performing due diligence on service providers, GCs and CCOs have separate and distinct responsibilities. If a service provider that is vetted by the GC/CCO later engages in fraud, investors may bring suit against the fund manager. Latner pointed out, "You may have someone who feels that the person wearing two hats did not do a good job because they were not in a position to successfully perform due diligence because they had too many responsibilities and did not have the time or opportunity to do thorough due diligence. It is important to have several people involved in the due diligence process so that there is less potential for important items to be overlooked. This may be one time where it is beneficial to bring in outside counsel or hire a third-party due diligence firm to assist with the process."

Second, Latner cautioned that the GC may not have adequate regulatory and compliance knowledge and experience to address the compliance issues confronted by the manager. As a result, such a GC will need to devote significant time and effort to developing and cultivating such knowledge and experience.

Third, having a dual-hatted GC/CCO may jeopardize the availability of the attorney-client privilege if the GC/CCO has not clearly delineated in what capacity he or she is acting in a particular situation. This is important because persons acting in the capacity of a GC can protect communications and work product as privileged, which may protect such documents from disclosure to regulators and investors. Communications with a person acting in his or her capacity as CCO are not protected as privileged. Unless a dual-hatted GC/CCO clearly delineates in what capacity he or she is acting in a given situation, the assertion of the attorney-client privilege may be challenged with respect to communications and documents relating to that situation. On attorney-client privilege issues in the hedge fund context, see "**U.S. District Court Rules on Whether Attorney Interview Notes and Summaries Produced in Connection with Hedge Fund Manager D.B. Zwirn's Internal Investigation of Financial Irregularities Are Protected from Disclosure by Attorney-Client Privilege**," Hedge Fund Law Report, Vol. 4, No. 28 (Aug. 19, 2011).

To address this concern, GC/CCOs may opt to declare all communications and documents privileged. However, this approach may not always be in the best interest of the firm. As Carney explained, "As a dual-hatted GC/CCO, you need to keep in mind the hat you are wearing in any particular situation. You want to make sure to segregate your documents that are privileged from the ones that document compliance-focused conclusions and reviews and that should not be privileged. If the SEC comes calling you want to be in a position to show your compliance review and remediation efforts. If you keep all your work in a single set of files and declare that

they are all privileged, this will create difficulties. A disciplined practice of keeping non-privileged CCO files and privileged GC files avoids such difficulties and also is the best way of protecting against your inadvertent production of privileged documents and being faced with the conundrum of whether it would be in the firm's best interest to waive privilege with respect to a particular issue since there are no non-privileged documents to hand over. It is important to maintain non-privileged files that reflect that the CCO's work is ongoing, regular and thoughtful." For additional insight from Carney on preparing for regulatory examinations, see "[Richards Kibbe & Orbe LLP and ACA Compliance Group Webcast Highlights Developments in SEC Examinations of Registered Investment Advisers, and How to Prepare for a Surprise Visit from the SEC](#)," Hedge Fund Law Report, Vol. 3, No. 20 (May 21, 2010).

However, the GC/CCO of a well-known hedge fund manager downplayed the challenge faced by dual-hatted GC/CCOs relating to the protection of privileged communications and documents (at least with respect to dealings with regulators), explaining, "If the world is crashing around you and the SEC is coming in, you have two choices: you can assert attorney/client privilege and go to war or you can waive the privilege and cooperate. You get credit for cooperation. If you are asserting privilege, you are not cooperating. If you start asserting privilege it looks like you are trying to hide something."

Fourth, as a related matter, the dual GC/CCO role may create confusion for a hedge fund manager's principals and employees who may assume that the GC/CCO is acting in one capacity when, in fact, he or she is acting in another capacity. For instance, firm employees that believe they are coming to the GC/CCO in his or her capacity as the GC (where such communications may be privileged) may not know, without specific disclosure from the GC/CCO, that the GC/CCO is acting as the CCO, where the privilege cannot be asserted with respect to such communications. An employee with different expectations may communicate differently with a person he or she believes is acting as the GC as opposed to acting as the CCO.

The manager's top executives may also see the GC/CCO as principally a GC, which can create challenges that can impede performance of one or both roles. As Latner explained, "The person may have a strong relationship with the principals of the firm and gain access to some privileged information in his or her perceived capacity as GC. You may need someone that's distanced from those relationships and more independent to serve as an effective CCO."

Fifth, there may be a potential tension in the fact that a CCO is tasked with detecting and preventing securities law violations while the GC is tasked with defending the firm in the event that compliance violations are uncovered. In other words, a CCO is tasked with monitoring for compliance violations while the GC may not want to take measures over and above what the law requires to identify additional compliance violations. These conflicting goals may make it more challenging for a single person to perform both roles effectively. For instance, a CCO that uncovers a compliance violation may want to promptly disclose the relevant facts and any corrective or disciplinary action taken to investors and/or regulators, while the GC may want to keep such information confidential in anticipation of litigation or an enforcement action. As Black explained, "To the extent that you are ever dealing with compliance versus the business side of things, there is always a tension that the GC, in protecting the business, will want to take a different course of action than the compliance side. Where someone wears both hats, you have to figure out some sort of compromise that will fulfill your compliance obligations while not raising any liability concerns on the legal side. It is sometimes a fine line. Therefore, the GC/CCO should discuss these issues with other legal or compliance professionals within the firm and the other top executives to determine the proper course of action that will satisfy both the compliance and legal concerns. You want to be able to accommodate everybody, but basically, you have to decide where the line is and where to put your foot down." In other words, having a

dual-hatted GC/CCO may eliminate some of the checks and balances that might otherwise exist where the roles are being performed by separate employees.

Certain tasks highlight the tension created by the dual GC/CCO roles, such as completing annual compliance reviews. In performing an annual compliance review, a CCO may detect compliance violations and may want to document them in an annual compliance report and recommend improvement in the procedures to avoid future legal violations. The GC may be reluctant to document in detail the annual compliance review because annual compliance reports are not technically required by the Advisers Act, and the GC does not want to provide a roadmap for regulators (and potentially investors) to ferret out the firm's compliance violations.

A dual-hatted GC/CCO should determine how to address this tension and to ensure that he or she is performing both roles effectively by documenting the annual compliance review while protecting the firm. In dealing with this issue, Carney suggested, "What I would expect to see in that situation is a healthy, privileged debate with senior management as to what the issues are, what remediation is needed and how to best document the issues and the remediation so that the essential facts and ultimate conclusions are documented in a non-privileged file, but not the internal debate. Not documenting the annual compliance review will be looked upon with disapproval by the SEC. Documenting identification of an issue and its remediation is part of operating a solid compliance program."

Black added, "A regulator is going to want to see things documented and addressed rather than ignored. The point of the annual review is to do a real assessment of the compliance function, and it is not credible if every year you have a compliance review that says there were no issues. A regulator wants to see you documenting issues and working to improve on them. That has to be taken into account." Black agreed with Carney that the appropriate approach is to document any compliance violations identified, the corrective actions that were taken and any preventive measures that were implemented to prevent future violations and not to document any discussions with senior management about these issues. See "[How Hedge Fund Managers Should Approach Preparing For, Conducting and Documenting the Annual Compliance Review \(Part Two of Two\)](#)," Hedge Fund Law Report, Vol. 5, No. 13 (Mar. 29, 2012).

Recommendations for Those Serving as Both GC and CCO

There are at least five actions that hedge fund managers can take to address some of the challenges highlighted above.

First, dual-hatted GC/CCOs should ensure that they possess the requisite skills and knowledge to perform both roles competently, particularly given the potential for personal liability that may attach for failure to supervise the manager's compliance function. See "[Scope of Supervisory Liability of Senior Legal and Compliance Professionals at Hedge Fund Managers Remains Uncertain after SEC Dismissal of Urban Action](#)," Hedge Fund Law Report, Vol. 5, No. 5 (Feb. 2, 2012). McShea explained, "I would caution not to over favor the legal piece of the role. I think that's what a lot of lawyers would be more comfortable and familiar with. If you are not as comfortable with the compliance role, spend the time learning it and getting up to speed on it because, as CCO, you have a lot of responsibilities and potential liability."

Second, hedge fund managers must communicate with the GC/CCO (when first hired and on an ongoing basis) the firm's expectations with respect to the performance of each role so that the GC/CCO has a clear understanding as to the firm's expectations for both roles. The GC/CCO must also communicate to senior management the potential tension in performing both roles

and clarify with senior management how to address such tension to ensure that both roles are being performed effectively.

Third, to create additional checks and balances to ensure that compliance and legal issues do not fall through the cracks, clear lines of reporting must be established where the GC/CCO reports to other members of senior management if he or she is uncertain how to proceed in any given situation. However, such reporting is effective only where senior management has established a “tone at the top” that encourages open and honest communication of the legal and compliance issues that must be addressed. Black explained, “When something does come up that the GC/CCO cannot handle on his own or is unsure about the best course of action, the only real way to resolve the issues or to try to mitigate conflicts is to have clear lines of reporting. You have to know who to go to for advice in all situations.”

Fourth, the hedge fund manager and GC/CCO must educate employees about the need to alert the GC/CCO if a situation warrants that the GC/CCO play a specific role, particularly as GC where situations may involve the protection of communications or documents as privileged.

Fifth, a dual-hatted GC/CCO can consult with outside service providers to inform his or her performance of both roles. Consultation with outside service providers can provide the dual-hatted GC/CCO with important market color on issues of interest as well as a different, external perspective on the issues that must be addressed. Black explained, “If you have a legal issue, and there is a potential conflict between the general counsel running the business and adhering to the compliance side, what I like to do in those situations is send it to outside counsel to give us a determination of the best course of action. I think it provides a safeguard. If you have a close compliance question or a particularly detailed compliance issue, I think you have more credibility if you can have an outside lawyer that is divorced from the business side make an assessment of the situation.”

Using outside service providers on an “as needed” basis may also alleviate some of the difficulty a GC/CCO faces with having enough time to perform both roles effectively. For instance, having an outside compliance consultant perform discrete tasks may alleviate some of the burdens placed on the GC/CCO. Additionally, the use of outside consultants can help address any deficiencies in the compliance skills or knowledge of a GC/CCO. Outside compliance consultants can conduct periodic mock examinations of a hedge fund manager’s compliance program to detect any deficiencies. In the process, the GC/CCO may learn a great deal about what regulators and investors expect with respect to the firm’s compliance program, which can assist the GC/CCO in the future performance of his or her compliance role. See “[Legal and Practical Considerations in Connection with Mock Examinations of Hedge Fund Managers](#),” Hedge Fund Law Report, Vol. 4, No. 26 (Aug. 4, 2011).

Potential Solutions for Firms that Wish to Avoid Using Dual GC/CCOs

For firms that wish to avoid appointing the same person as general counsel and CCO, there are at least four potential solutions, each with its own benefits and drawbacks.

The first solution is to hire separate persons to serve as GC and CCO. The principal benefit is that both persons will have a greater opportunity to become intimately familiar with the performance of their respective roles, and there will not be any confusion with respect to circumstances when the attorney-client privilege can be asserted. The principal drawback is the cost of hiring two separate employees to perform these roles.

The second solution is to have another member of senior management other than the GC, such as the Chief Financial Officer (CFO), Chief Operating Officer (COO) or the Chief Administrative Officer (CAO) serve as the firm's CCO. This solution will mitigate confusion as to the circumstances when the attorney-client privilege is an issue. However, the CFO, COO, CAO or other member of senior management may not possess significant compliance knowledge and skills, which may raise questions about such person's ability to perform the CCO role effectively. Nonetheless, Carney explained, "I have seen persons who are GCs, CFOs, COOs, and controllers all take on the CCO role and do so successfully. The person at the firm who is able to interact well with the firm's business side, has the confidence of senior management and can understand the firm's investment business is the best person. I do not think it is so much about which role is the best role to tag the CCO role to as much as it is the particular strengths and abilities of the people who are available and willing to take on the second role."

Third, a hedge fund manager may retain a dedicated CCO and outsource the GC function. The principal benefit of this solution is that it allows a person to devote all of his or her time to serving as a dedicated CCO. As McShea explained, "Often, the legal side of your role can be more effectively and efficiently outsourced than the compliance role. If I am launching a new fund and need to prepare the fund's offering document and operative documents, it is easy to outsource those functions to a law firm. Compliance, on the other hand, can be tricky and can require more hands on involvement and an in-depth knowledge of the inner-workings of your firm that an outside law firm or compliance consultant might not possess."

However, there are drawbacks to this solution. First and foremost, outsourcing the GC function may not allow that role to be performed in the most effective manner possible. "The drawback to outsourcing the GC function is that the vendor you are using, no matter how competent, is not going to have as thorough an understanding of the business as someone who is actually present in the office, interacting with the people and seeing the issues as they arise," Black explained. "I think you lose a little bit of the thoroughness in that sense. As a practical matter, it can be somewhat less convenient at times when there are issues that need to be dealt with immediately. If you have someone in-house, he or she can focus on an issue right away, whereas if you outsourced a position, you are beholden to the vendor's availability."

Another drawback is the need to pay outside counsel to perform functions that would otherwise be performed by a GC. Black explained, "You also need to weigh the costs. Outsourcing legal work to law firms is typically more expensive than outsourcing compliance work to compliance consulting firms. Compliance consultants are usually much cheaper on an hourly basis than law firms."

Fourth, the firm can hire a dedicated GC and outsource the CCO function. As McShea explained, this option is less expensive than outsourcing the GC function, but it also has its drawbacks. The SEC has expressed skepticism about outsourcing the CCO function because outsourced CCOs may not be intimately familiar with the firm's business and operations and may not be on-site at all times to conduct ongoing compliance monitoring. As Black explained, "I think a lot of smaller firms do this and can be effective in doing it. However, as your organization grows, it becomes more and more difficult not having someone at your office to deal with questions in real time. You do not want things to fall through the cracks. I also think it affects the mentality of the traders and other employees when there is not a CCO on the premises. You want the CCO on-site to help ensure the maintenance of a culture of compliance."

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