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The Changing Face of Capital Introduction

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A series of regulatory initiatives by the National Association of Securities Dealers, Inc. (NASD) and speeches and releases by the Securities and Exchange Commission (SEC) and its staff are having a major impact on the capital introduction services that prime brokers offer hedge fund managers. These regulatory initiatives and changes also could impact how private investment funds (or hedge funds) offer their interests to investors.

This article reviews capital introduction practices, the directions that the NASD and SEC have been taking and, in light of recent events, what practices might be best for hedge fund managers.

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