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AUSSIE COMMITTEE ORDERS INQUIRY INTO HEDGE FUNDS

By: Neville D'Cruz

MELBOURNE, March 9 (Bernama) -- An Australian Parliamentary Committee has asked the Reserve Bank of Australia and the Australian Prudential Regulation Authority to conduct inquiries into the activities of hedge funds.

Chairman of the committee David Hawker, MP, echoed the sentiments of Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad when he told Parliament on Monday that hedge funds were of great concern to national and international financial regulators and governments.

"Hedge funds have generated a new source of financial instability in the world economy," Hawker said.

The Parliamentary Committee recommended that the Reserve Bank inquiry establish the size of hedge funds, both on and off balance sheet and set up a review by banks of their relationship with hedge funds.

It also asked for measures to be introduced to bring hedge funds into the disclosure and possibly the supervisory net.

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