

Volcker Rule. Section 619 of the Dodd-Frank Act established a new section 13 of the BHC Act, commonly referred to as the “Volcker Rule”. Among other things, the Volcker Rule generally prohibits “banking entities” from sponsoring, or investing in, “covered funds,” except to the extent permitted pursuant to an available exemption. In addition, a “banking entity” and its affiliates are prohibited from entering into certain transactions with (such as extending credit to or purchasing assets from) any “covered fund” that the banking entity sponsors, organizes and offers or for which it serves, directly or indirectly, as investment manager, investment adviser or commodity trading adviser.

Although Deutsche Bank is a German banking corporation, it is treated as a bank holding company for purposes of the BHC Act. As a consequence, Deutsche Bank and each of its subsidiaries and affiliates (including the Master Fund Manager and Investment Manager) are “banking entities” for purposes of the Volcker Rule and, therefore, subject to its requirements. In addition, it is anticipated that the Master Fund and the Feeder Funds will be offered to US residents on a private placement basis and will constitute “covered funds” pursuant to the Volcker Rule. As a consequence, the Master Fund Manager and the Investment Manager will be required to comply with the requirements of the so-called “asset management exemption” under Section __.11 of the rules to implement the Volcker Rule (the “**Implementing Regulations**”).

The applicable US federal regulators have only recently issued final versions of the Implementing Regulations and these final rules are still being reviewed and analyzed. In conjunction with the issuance of the final rules, US federal regulators have given banking entities until July 2015 to come into compliance with them; during this period, Deutsche Bank will analyze the final rules and devise the appropriate compliance strategy.

If the Master Fund Manager determines that the investments of the Master Fund present a conflict for or impair the ability of Deutsche Bank or any of its affiliates to conduct its business, in order to accommodate the compliance of Deutsche Bank and its affiliates with the Volcker Rule and the Implementing Regulations, Deutsche Bank and its affiliates (including the Master Fund Manager) may discontinue activities with respect to certain of the investment activities of the Master Fund. As a result, the Master Fund and the Feeder Funds may not be able to take advantage of Deutsche Bank’s platform to the same extent as if the Volcker Rule and the Implementing Regulations did not apply.

In addition, the Volcker Rule would impose material restrictions on the ability of a banking entity to provide financial support to, or enter into certain other arrangements that would be “covered transactions” (as defined in Section 23A of the US Federal Reserve Act of 1914, as amended) with or for the benefit of, a private fund. These restrictions will limit extending credit to or purchasing assets from a private fund. Accordingly, the Deutsche Bank Group likely will be prohibited from providing loans or other credit support to the Master Fund (or to other entities for the benefit of the Master Fund) and the Feeder Funds. The Master Fund (and any fund structuring vehicles and feeders) will also not be permitted to include the Deutsche Bank name (or any variation thereon), in their respective names.