

The NED

Independent intelligence on fund director issues

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Conflict in Cayman over CIMA's consultation

On April 2 the law firm Stenning Associates, on behalf of Cayman Private Manager Ltd, filed an application for judicial review to stop to CIMA's consultation on corporate governance reform in Cayman.

Cayman Private Manager Ltd, which is part of DMS, wants to make CIMA carry out the process in accordance with what it says is the Monetary Authority Law. In particular it wants, according to the filing, "an order of prohibition or alternatively an injunction preventing the Respondent from making any decision in respect of corporate directorships based upon the purported consultation process". Cayman Private Manager says that any changes in the regulation of corporate governance have a direct impact on the business and competitiveness of the applicant within the financial services marketplace.

Cayman Private Manager also claims that CIMA is required to consult with the private sector associations and explain the purpose behind any measures it intends to take that will affect the industry. And it adds that CIMA is required to act in the best economic interests of the Cayman Islands and to maintain its competitive position, while conforming to internationally applied standards. It says that CIMA is obliged to provide an explanation of how its reforms will do this.

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Willow Fund catastrophe highlights director failures

The well publicised collapse of UBS's Willow Fund has highlighted failures of its independent directors. One of them was 83 years old at the time of the Fund's collapse, and another was 70. The independent directors failed to perform any meaningful portfolio oversight role.

The fund, which had assets at its peak of \$400 million, had traditionally invested in distressed debt but switched primarily to credit default swaps. Following the switch the fund wracked up losses of nearly 80% during the first three quarters of 2012. The Fund began to switch into credit default swaps in 2007,

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Companies and Associations mentioned in this issue:

CalPERS	HighWater
Carne	Intertrust
Cayman Private Management	Morgan Keegan
CIDA	MPL
CIMA	OECD
CISX	SEC
DMS	Stenning Associates
Ernst & Young	Travers Thorp
FundDomiciles.com	Alberga
Harneys	UBS
	Willow Fund

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