

The NED

Independent intelligence on fund director issues

Issue 22 • June 2013

SEC steps in to fill US director void

The SEC brought a record number of cases against hedge fund and other investment advisors in 2012. New York law firm Sadis Goldberg report that it brought 147 enforcement actions in 2012, beating its previous record set in 2011. Sadis Goldberg state, in a client newsletter, that these large number of cases, “strongly suggests that the SEC’s aggressive approach to private investment advisers may be here to stay.”

The SEC has made it very clear that it will be focussing much more on hedge fund governance issues in future. Bruce Karpati, the head of the SEC Enforcement Division's Asset Management Unit, has said that he and his team has made this one of the their key objectives. Karpati has stated that US hedge funds’ lack of independent governance makes them more susceptible to conflicts of interest, insider trading and other fraudulent practices. Karpati has stressed hedge funds must sure that they have really robust supervisory structures.

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Emerging fund industry cartel is bad for director diversity

The rich diversity of individuals and enterprises that act as alternative fund directors is under threat according to the results of a survey conducted by IFI Global, The NED’s parent. Over the Spring IFI Global interviewed fund managers with \$1.9 trillion in AUM on the future of the industry. Both alternative and mainstream managers were surveyed.*

One of the survey’s main conclusions is that the asset management industry will become dominated by a small number of fund factories. Comments made by 87% survey respondents, from all areas of the business, suggest that the fund management industry will be run by a relatively small number of very large players in the future. The future may have more in common with the 1980s than the last decade or the one before.

*The End of Innovation? A Survey of the Future of Fund Management.

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ADI	IMF
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CFTC	Sadis Goldberg
ESMA	SEC
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