

The NED

Independent intelligence on fund director issues

Issue 21 • May 2013

Threatening Cayman won't work

A considerable amount of pressure is being exerted by some very large institutional hedge fund investors to persuade the Cayman Islands Monetary Authority to provide them with a searchable database of its directors. But is it fair to hold Cayman to a higher standard than any other fund jurisdiction?

This effort, led in part by USS, has gone on for a number of years now. But the subject has received more attention recently as a result of CIMA's consultation on corporate governance reform.

In March a delegation of eight institutional hedge fund allocators from the US and UK (the Gang of Eight) visited Cayman to press their case for reform. An important part of what they asked for, beyond what CIMA announced in its proposed reforms this January, was a searchable database of directors. They want a database that allows investors access information on all board positions held by any one individual – including past postings on Cayman funds that have been closed down. The Gang of Eight, and other investors, believe that without such a searchable database they will continue to be frustrated in their attempts to obtain the information that they require on a potential director on a fund that they may wish to invest with.

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SEC issues proceedings against Northern Light's directors

Further evidence of the increased scrutiny by the SEC of US fund boards has come with the news that it has issued proceedings against the current and former members of the boards of trustees of Northern Lights Funds Trust and Northern Lights Variable Trust, two US investment companies.

The proceedings are issued in connection with alleged disclosure, reporting, recordkeeping, and compliance violations. Dechert writes that, "The SEC's unusual decision to name personally the board members underscores the SEC's increased scrutiny of directors of registered investment companies".

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Companies and Associations mentioned in this issue:

CBI	IMS
Clarus Risk	K&L Gates
CommonWealth	Laven
Corvex	Morgan Keegan
CIDA	Northern Lights Funds Trust
CIMA	Northern Lights Variable Trust
CISX	Related
Dechert	Sadis Goldberg
Dexion	Schulte Roth & Zabel
DMS	SEC
FGA	Seward & Kissell
Gemini Fund Services	THSH
Hanson Green	UBS
Hargreaves	USS
Lansdown	Willow Fund
HighWater	

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SWIFTBIC: MIDLGB2148J

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