

The NED

Independent intelligence on fund director issues

Issue 14 • October 2012

Will investors ever take fund governance seriously?

There seems to be a consensus that standards of fund governance need to improve, but will this really happen?

At events organised by The NED, and others, speakers are fond of highlighting some of the more egregious practices that occasionally occur in the business today. The general view is that these practices, such as directors taking on unlimited numbers of board positions, will soon be a thing of the past. But that isn't necessarily the case.

Unless more traditional institutional investors, family offices, wealth managers and the like take a greater interest in fund governance matters managers with weak boards will not feel compelled to do anything to improve them. Fund managers, particularly alternative ones, have enough on their plate at the moment as it is. Why would they want to divert their attention, time and resources to governance issues if they don't have to?

Alarming large numbers of managers complain that there are just not enough hours in the day to deal with all the regulatory demands coming their way whilst, at the same time, trying to run a business in stressful market conditions. For many of them a compliant board, populated by people that don't cost them too much, is infinitely preferable to the opposite.

Research* conducted by The NED's parent, IFI Global with MPL, earlier this year suggests that many traditional institutional investors, such as pension funds, say that they are interested in improved standards of governance...

[Continued on page 2 >>](#)

Cayman fund issues writ against HSBC Luxembourg's CEO

Mourant Ozannes, on behalf of the investors in the Primeo fund, has issued a writ in the Grand Court of Cayman against Nigel Fielding, CEO of HSBC Bank Luxembourg.

Primeo, a Madoff feeder fund now in liquidation, has issued the writ against Nigel Fielding alleging breach of duty, wilful neglect and/or wilful default as a director of the fund from August 2000 to October 2006.

[Continued on page 5 >>](#)

Contents

Will investors ever take fund governance seriously?	1
Cayman fund issues writ against HSBC Luxembourg's CEO	1
NED News	5
Fund governance hotly debated in New York <i>NED hosts a lively discussion in the Big Apple</i>	12
Does it matter that governance standards vary by domicile? <i>Yes it does if those with low standards benefit unfairly</i>	15
The Elephant in the Room: Thoughts from Washington DC <i>By John Prout</i>	18
The NED Directory <i>(information on how to join the database)</i>	20

Companies and Associations mentioned in this issue:

AIMA	Madoff
Bank of Bermuda	Maples & Calder
Basis Yield Alpha Fund	Maples FS
Compliance Ireland	Mesirow Financial
Culross Global	MFSA
Dillon Eustace	Monkton
Dodd Frank	Mourant Ozannes
GFG	MPL
Harneys	Payden & Rygel
HSBC Bank	Primeo Fund
Foundation for Fund Governance	SEC
FSB	Stratton Street
Gottex	Tremont
Kinetic Partners	Value Line

The NED is published monthly by IFI Global Ltd. Annual subscription is £295. No part of this publication may be distributed or reproduced in whole or in part without prior written permission from the publisher. All contents copyrighted.

The NED Subscription Form

With your NED subscription:

- 12 issues of the publication.
- Attendance at all NED events – in person or via the accompanying webcast. (The NED will host at least 10 events a year.)
- Receipt of all NED research. The NED is developing a proprietary databank of information on investor and manager views on board composition, practise and preferred director qualifications.
- The NED Directory. Subscribers will be included on the NED Directory of independent fund directors that it is developing (should they wish to be so).

This form can be completed in Acrobat Reader and sent electronically

Name:

Company:

Address:

Email:

Tel:

Date:

An annual subscription to The NED is £295

Payment options

Direct Transfer

HSBC
Prama House, Banbury Road
Summertown
Oxford OX2 7HY

Bank Account No: 41444530
Sort Code: 40-35-35
IBAN: GB58MIDL40353541444530
SWIFTBIC: MIDLGB2148J

By Cheque

Make cheque payable to:
IFI Global Ltd.
10 Arthur Street
London EC4R 9AY

For additional information please contact Tamara Sims at sims@ifiglobal.com

IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

The NED is published by IFI Global Ltd, 10 Arthur Street,
London EC4R 9AY Tel: 44 207 220 907

Editorial & research enquiries:

Simon Osborn e-mail: osborn@ifiglobal.com

Directory & event enquiries:

Tamara Sims e-mail: sims@ifiglobal.com

Subscription enquiries:

Alan Hallett e-mail: hallett@ifiglobal.com