

# The NED

Independent intelligence on fund director issues

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## Time for a definition

### What makes a director independent?

Independent fund directors are in vogue. Almost everyone wants to see more of them on boards. But what is an independent fund director? There is no commonly accepted definition. That is a problem as it allows organisations and people to call themselves independent that shouldn't be allowed to do so.

It must be in the interests of investors and (bona fide) independent directors for the industry to come up with a simple, standard definition that everyone can accept. It would also be the interest of regulators too. (This topic was noticeable by its absence in the Central Bank of Ireland's recently published document on Fund Management Company Boards.)

But it is unlikely that anything approaching a standard definition will be agreed, at least in the foreseeable future. That is partly because there are not enough people in the business that would see any particular benefit from this occurring. And there are organisations that provide director services that promote themselves as being independent that some would claim are not really in this category. [Continued on page 11 >>](#)

## Another warning from the SEC

The SEC has issued yet another warning against practices that are prevalent at some partnership structures in the US. Marc Wyatt, Acting Director, Office of Compliance Inspections and Examinations (OCIE), said that it has been "an interesting year" adding that and that there will be more actions by the regulator.

Speaking at a private equity conference this May, he expressed concern at what the SEC's OCIE unit is uncovering. Whilst some of the points he made were specific to the private equity industry others were relevant to hedge funds and other partnership structures in the US.

On the positive side he noted that transparency, governance, and access to information have all grown in importance but he also added that, "It is reasonable to assume that the next year will bring more actions by the SEC's Division of Enforcement".

Marc Wyatt also mentioned that, "It's important to understand that we work closely with our colleagues in Enforcement and that there is a natural lag between examination and enforcement activity. [Continued on page 15 >>](#)

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