

# The NED

Independent intelligence on fund director issues

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## Four forecasts for '14

### Conflicts, Ireland, Risk & US partnerships

This should be a very eventful year in alternative fund governance. It could well turn out to be the most interesting year that this business has had to date. The NED makes four predictions for the year ahead, in the following areas: conflicts of interest, Irish fund boards, risk supervision of AIFMD funds and partnership structures in the US.

With regard to conflicts of interest we believe that investors will start to take a greater interest in this topic than they have done in the past. (The NED will be examining conflict of interest issues on boards in more detail this year.) Our second prediction, on Irish fund boards, is closely related to the conflict of interest issue. We believe more should be done in Ireland to reduce conflicts of interest, and that there will be greater attention to this topic in future.

Our third prediction is that AIFMD will cause risk supervision problems for directors of 'SMAIFs.' Our fourth one deals with a topic of great importance to the alternative fund industry: the governance of partnership structures in the US. We expect to see more sightings of independent governance and oversight of alternative fund partnerships in the US this year. Following we deal with each of these issues in turn. [Continued on page 10 >>](#)

## SEC to focus on manager and fund conflicts

The SEC will focus much more on potential conflicts between managers and funds than it has done in the past, says Steven Nadel, a Partner at the New York law firm Seward & Kissell. Also on the SEC's radar, he adds, is fund valuation and insider trading.

Late last year the SEC issued a circular on fund directors' conflicts of interest, fees and expenses. Conflicts of interest, particularly when they favour some investors over others, are to be an SEC focus, it says. As covered in some detail in The NED last October, the SEC has made clear that it will look carefully to see if there is any favoured treatment in deal allocation and will also consider whether a staff member's outside business and personal trading activities give rise to conflicts. A relationship with a company that is doing a deal with the fund may also cause a closer look. Vendor selection by funds is another area of focus. [Continued on page 6 >>](#)

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CIMA	Pernal
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DMS	Seward & Kissell
FCA	JLT
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