The NED

Independent intelligence on fund director issues

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Directors share blame for PE problems

This autumn has seen a spate bad news emanating from the private equity industry. The SEC has had some managers under investigation and has levied fines on a number of them. KKR and Blackstone are two of the more famous managers to have fallen fowl of the SEC. On top of fines and SEC investigations are various well publicised complaints from well-known institutional investors of over-charging by private equity managers and general overall opacity on fees.

Most of the more serious problems are in the US where there is no independent oversight of private partnerships thereby allowing GPs to do pretty much what they want. But governance of private equity funds doesn't appear to be much better offshore. Private equity managers need much active independent directors than many of them appear to have.

Directors of private equity funds have been accused of being 'rubber stampers' for managers of these structures. If they had been acting more independently would the recent torrent of criticism of the private equity industry have been mitigated, perhaps?

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CBI clamp down on director concentration

The Central Bank of Ireland is clamping down on directors that it considers sit on too many boards. The NED has heard of recent situations where appointments have not been approved that would have gone through in the past without any difficulty.

Even though the CBI suggested that it would do this in CP86 The NED understands that one director that has been turned down for a position was very surprised indeed that this has occurred. This has been duly noted by others in the Irish non-executive fund director community.

Why this news might have come as a surprise is not clear , given what the CBI said in CP86. The CBI states that it "will directly engage with those individuals with high numbers of directorships combined with high aggregate levels of annual professional time commitments to ensure their legal obligations and responsibilities as board members are being met and will monitor directors' commitments so as to avoid any potential risk that governance standards may be weakened."

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