

The NED

Independent intelligence on fund director issues

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Investors need help

Investors obviously have a critically important role to play in fund governance. That is, or should be, a truism. But according to preliminary interim results from The NED's research study with institutional alternative allocators not all investors focus on fund governance as much as they probably should do. Some categories of investors appear to be more actively involved than others. The results of this research study will be released late autumn.

Although fieldwork for the investor research on fund governance still has a long way to go it is already clear from the work that has been done to date that interest in this topic from investors is variable. Many that have been interviewed clearly take fund governance very seriously indeed but that does not apply to everybody. In particular it does not apply to a possibly significant number of pension funds. (This is a topic that The NED will address in detail after the survey results are released.)

In the meantime it is worth asking the following question: what can be done to improve the interest and knowledge of those investors that claim matters surrounding the boards of the funds that they invest with are "not a priority," as one interviewee has put it?

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CIMA consults on corporate governance reform

CIMA has issued a draft Statement of Guidance on corporate governance changes in Cayman. This is for all regulated entities in Cayman except for mutual funds. (In January 2014, the Authority issued a new Corporate Governance SOG for regulated mutual funds.) The consultation lasts until September 14. Cayman's current Statement of Guidance on Corporate Governance was issued back in 2003.

CIMA says it is doing this because the importance of corporate governance standards was highlighted during the 2008 financial crisis. As a result of what happened back then it says international bodies have issued updated international standards for corporate governance, with regulators subsequently revising their corporate governance guidance requirements.

It adds that CIMA conducted self-assessments against the new or updated international standards and "identified gaps in the area of corporate governance." CIMA adds that "shortcomings by regulated entities in sound corporate governance practices have been identified during onsite and offsite inspections".

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