

The NED Risk and Governance

Independent intelligence on fund governance issues

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US private funds: the SEC steps in



The SEC has proposed extensive and fundamental changes to the regulation of US private funds. The lack of independent governance oversight in this sector has always been a problem. The SEC seems to have said, at long last, that enough is enough.

The regulatory changes that the SEC wants to make to private fund advisors

in the US are very substantial. They could well change practices at these funds profoundly over the next few years. We should find out how extensive the coming regulatory changes really are by the end of spring, following the conclusion of the SEC's consultation period. [Continued on page 15 >>](#)

Cayman & the EU's AML list



Cayman is being put on the EU's list of high-risk countries for money laundering. There could be some ramifications for Cayman domiciled funds that are distributed in Europe.

On January 7, and along with a number of other jurisdictions, the European Commission decided to put Cayman on

this list. The decision to do this was not a great surprise, given that the FATF (Financial Action Task Force) had placed Cayman on its so-called grey list for money-laundering last year.

Nonetheless the timing is unfortunate as the FATF had reported, late in 2021, that Cayman had made positive progress and would likely eventually come off its grey list. The FATF said that Cayman was largely compliant with its 40 Recommendations in November. Less than two months later Cayman ended up on the EU's high-risk list.

So, it is a blow that the EU has decided to step in now. It means that EU investors will likely have to do extra due diligence if they want to allocate to a Cayman domiciled fund. [Continued on page 9 >>](#)

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