

Offshore directors to the rescue?

Fund directors who are resident in offshore jurisdictions will be critical in determining the outcome of the substance challenge coming from the EU. They will also be key to BEPS. As well as being residents they will need to be decision-makers on boards.

Offshore jurisdictions, especially those in the Caribbean, are going to have to jump through a lot of hoops to avoid being blacklisted by the EU. The role that directors can, or could, play is going to be vital in preventing Cayman and other offshore jurisdictions meeting the EU's substance test for this blacklist. Each offshore jurisdiction is probably going to have to commit to finding more locally resident directors, ones who are doing more than rubber-stamping decisions made elsewhere.

Offshore jurisdictions have until December to demonstrate to the EU that they are taking action on substance. If they do not satisfy the EU then they will likely to be blacklisted.

As a result, Cayman, Guernsey and Jersey are currently consulting with local organisations on making regulatory changes to require more substance for their businesses, including for funds. After several months of total silence on this topic the EU's Code of Conduct Group finally provided some information on what it wants to see on substance in June. It seems to be following the OECD's BEPS agenda here. [Continued on page 11 >>](#)

The governance of co-investing

Very few have any knowledge of the extraordinary growth in co-investing over the decade to date, especially over the last two to three years when it has really taken off. It is beginning to change the structure of the alternative fund industry and it presents a number of governance challenges that have not yet been considered, at least outside the US.

In addition to these governance challenges, see below for more, the co-investing boom has consequences for directors of private equity and real estate funds. And it might also be of significance for directors of hedge funds too as the boom in co-investing in private markets looks like it might move on over into public markets too.

That's because the trend to co-invest threatens the traditional blind pool, third party fund model that the industry has become so reliant on over the last few decades. [Continued on page 13 >](#)

Contents

News	2
Get rated by The NED	2
The NED's Advice Service	2
NED Event London, October 9	2
2018 UK Corporate Governance Code published	3
Offshore service provider M&A into overdrive	6
Tax tangles	7
Rise of the consultant director	9
Offshore directors to the rescue? <i>continued from page 1</i>	11
The governance of co-investing <i>continued from page 1</i>	13
Non Executive Fund Directors Database	16

IFI Global Research

ADI

How the tax tsunami impacts fund domiciliation decisions

The NED

Alternative Fund Governance: The View of Investors (US & Europe)

The Tracker

The impact of AIFMD on US managers (incl remuneration & ManCos)

For more information, please e-mail [Tamara Sims](#)

The NED is published monthly by IFI Global Ltd. Annual subscription is £340. No part of this publication may be distributed or reproduced in whole or in part without prior written permission from the publisher. All contents copyrighted.

The NED Subscription Form

With your NED subscription:

- 12 issues of the publication.
- Attendance at all NED events.
- Receipt of NED research. The NED has developed a proprietary databank of information on investor and manager views on board composition, practise and preferred director qualifications.
- The NED Directory. Subscribers are welcome to be included in the NED Directory of fund directors on nedglobal.com.

This form can be completed and saved in Acrobat Reader and then emailed to [Tamara Sims](#)

Name:

Company:

Address:

Email:

Tel:

Date:

An annual subscription to The NED is £340
A corporate subscription to The NED is £850

Payment options

Direct Transfer

HSBC Bank Plc
Oxford Summertown Branch

Account: IFI Global Ltd
Bank Account No: 41444530
Sort Code: 40-35-35
IBAN: GB95HBUK40353541444530
SWIFTBIC: HBUKGB4B

By Cheque (£ Sterling only)

Make cheque payable to:
IFI Global Ltd.
10 Arthur Street
London EC4R 9AY

For additional information please contact Tamara Sims at sims@ifiglobal.com
IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

The NED is published by IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44(0)207 220 9077

Editorial & research enquiries:
Simon Osborn e-mail: osborn@ifiglobal.com

Directory, event & subscription enquiries:
Tamara Sims e-mail: sims@ifiglobal.com