

The NED Risk and Governance

Independent intelligence on fund governance issues

Issue 95 • July 2019

Director rotation in Ireland

Director rotation, aka term limits, is likely to be introduced in Ireland. Ireland would be the first fund jurisdiction to do it.

The Central Bank of Ireland is consulting with the Irish industry on director rotation. On top of which there have been a number of comments made by its senior officials recently on the importance of diversity on boards and, correspondingly, the avoidance of 'group think'.

The CBI is currently in the process of scoping a thematic review in order to assess how firms have implemented the package of measures known as CP86, on Fund Management Company Effectiveness, which came into effect on July 1, 2018. If board rotation is introduced in Ireland it will be as a result of this review.

In a recent speech Michael Hodson, Director of Asset Management and Investment Banking at the CBI, emphasised how important diversity can be on boards. He quoted research from the IMF that found that adding one more female to a firm's senior management or board of directors, while keeping the size of the board unchanged, is associated with an 8-13 basis point higher return on assets. [Continued on page 7 >>](#)

Alt UCITS: liquidity risk issues

Rumours have been flying around about more liquidity problems at various UCITS funds. Woodford and H2O are the only two managers to have gated funds to date, although there is a third UK based manager that has problems in share classes at one or more of its funds.

None of these managers has alternative funds, which is long thought to be where liquidity problems would first arise at UCITS funds. But will the problems experienced by Woodford and H2O spread into UCITS funds that are marketed and categorised as being alternative? Is the risk oversight of these funds up to scratch and prepared for any possible contagion?

There are approximately €10 trillion of assets invested in UCITS funds, with alternative UCITS funds having around €500 billion in assets. The possibility of a liquidity crisis in the alternative UCITS sector has been raised in the media many times.

For example, founder of Dynamic Beta Investments, Andrew Beer, a hedge fund industry veteran, was quoted in Citywire as saying that he has 'some serious concerns' surrounding many alternative UCITS funds. [Continued on page 12 >>](#)

Contents

News	2
International fund domiciles in the 2020s (EU & Offshore)	2
The cost of gating	3
ManCo risk oversight issues	4
ESMA consultation on UCITS performance fees	5
Crackdown on US shell companies	6
Director rotation in Ireland	7
– continued from page 1	
Term limits: long overdue?	8
Consultant directors on the rise	10
Alt UCITS: liquidity risk issues	12
– continued from page 1	
Expert Fund Boards	14
Non Executive Fund Directors Database	17

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