

Fund boards: Jersey's best

The NED is developing a system of rating fund boards by composition this year. The aim is to commend strong fund boards and to encourage those with weak boards to improve them. The NED is consulting with the industry on various aspects of this project and we would encourage subscribers to give us their feedback over the coming months.

In the meantime, The NED has begun the process of examining board composition jurisdiction by jurisdiction. We expect to have covered all international fund jurisdictions by the end of spring. We have started in Jersey. What we have discovered so far is:

- There is a large variety of levels of professionalism on fund boards. There is little to no standardisation, including from funds in the same asset class. This observation is based mainly upon the research that has just been done in Jersey. But fund boards in some other jurisdictions have reviewed too. It looks like the variation will be greater in some of these than in the Channel Islands. The variety in standards is much greater than was expected.

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Boards: more transparency & standardisation please

The NED's research into fund boards shows an extraordinary variance in standards – including from funds in the same asset class and jurisdiction. Some funds take director selection seriously. But there are others that appear not to.

One is led to the conclusion that those that have invested time and effort, as well as the money, in putting together a good board want to tell people about. And those haven't try to hide it.

Funds that have made the effort with their board selection appear to want to make it easy for those accessing their websites (and/or annual accounts) to find details on the individuals that serve on the board. And generally, there isn't any difficulty in determining who is serving on the board as an independent. However, NED researchers have come across a number of situations where it is not clear that a NED also works for an organisation that is also a service provider to the fund.

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SWIFTBIC: MIDLGB2148J

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