

# The NED

Independent intelligence on fund director issues

Issue 31 • March 2014

## Governance questions as ManCo mania takes hold

As the AIFMD transitional period draws to a close so ManCo mania is taking hold in Dublin and Luxembourg. There are many reasons why managers will join independent, third party AIFM ManCo platforms rather than doing it themselves. But these structures have a number of governance issues that they need to address before bandwagon really begins to roll, as it looks like it will – and probably with some speed.

It is likely that ManCo structures will become as commonplace on the alternative side of the European fund industry as they have become on the mainstream side of it. At some point in the future using an independent, third party ManCo could be as routine as using a third party fund administrator is in the industry today.

But, to make sure that does happen, those that are in the process of launching these structures, as well as the regulators, need to iron out possible governance issues from the outset. Some in London and Dublin, in particular, have raised concerns that there could be problems ahead. It is important that these issues are addressed now before one of the funds on an independent ManCo platform fails.

*Continued on page 15 >>*

## Cayman director legislation on the way

A draft Bill is being circulated in Cayman on the registration and licensing of professional and corporate fund directors. There is expected to be a 25 day consultancy period after the Bill is Gazetted, which is likely to be before the end of March.

The Bill makes provision for the registration and licensing regime for professional and corporate directors of mutual funds (both resident and non resident). In future anyone who is not licensed would be prohibited from being a Cayman director. Individual and corporate directors would be registered and will have to pay a license fee. CIMA will be able to refuse to register an applicant unless it deems them fit and proper.

The Bill also makes provision for the manner in which corporate directors are dealt with under the law and would have additional requirements for the licensing of corporate directors.

CIMA will also be given powers to deal with directors that contravene the law.

## Contents

Governance questions as ManCo mania takes hold	1
Cayman director legislation on the way	1
Letters to the Editor	2
News	3
Last chance to contribute to The NED's Remuneration Survey	3
EY paper looks at how US hedge fund governance can improve	3
Hedge funds inflows boom as assets are back to pre-crisis levels	4
News from the Domiciles	5
Boards must be proactive not reactive	9
<i>McKinsey publishes report on boards</i>	
The investor's perspective	12
<i>Interview with Hermes BPK's Vincent Vandenbroucke</i>	
Fund governance report series	17
<i>The fifth report in this series focusses on Directors Chambers</i>	
The NED Directory	19
<i>Information on how to join the database</i>	

### Companies and Associations mentioned in this issue:

ARC	eVestment
Appleby	GFSC
Carey Olsen	Guernsey Finance
Carne	Goldman Sachs
CIMA	Hermes BPK
CBI	Jersey Finance
Cross Border Capital	KB Associates
Custom House Directors Chambers	Maples & Calder
DMS	McKinsey
EY	MPL
	Mourant Ozannes
	Solomon Harris

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.
- Access to DirectorSearch. Subscribers can respond to the search announcements for board positions on the DirectorSearch section of the nedglobal website.

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

## Payment options

### Direct Transfer

HSBC Bank Plc  
Oxford Summertown Branch

Account: IFI Global Ltd  
Bank Account No: 41444530  
Sort Code: 40-35-35  
IBAN: GB58MIDL40353541444530  
SWIFTBIC: MIDLGB2148J

### 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](mailto: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](mailto:osborn@ifiglobal.com)

Directory & event enquiries:

**Tamara Sims** e-mail: [sims@ifiglobal.com](mailto:sims@ifiglobal.com)

Subscription enquiries:

**Alan Hallett** e-mail: [hallett@ifiglobal.com](mailto:hallett@ifiglobal.com)