

# The NED

Independent intelligence on fund director issues

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## AIMA Guide leaves unanswered questions

AIMA has published an updated Guide for fund directors. It examines some of the practical, legal and tax considerations when selecting and appointing fund directors and explains the basic tasks that they should carry out. But it steers clear of controversial areas regularly covered by The NED and makes hardly any mention of directors' responsibilities to investors.

In particular the decision not to address investors' interests, nor directors' responsibilities to investors, has left a number of people in this community scratching their heads. There are only a few references to investors in this 80 page AIMA Guide. But there is a short paragraph on investor expectations and they are also mentioned in the Guide's definition of the purpose of fund governance.

The Guide will be helpful for those wishing to become alternative fund directors for the first time. It will also be of assistance to managers and others unfamiliar with the issues or not necessarily up to date with them in the AIFMD era. (There is a section on AIFMD which many will find helpful.) And there is a useful series of appendices. Amongst other topics these are on: US funds, Irish funds, Luxembourg funds and Cayman funds. There is also information on tax issues in these jurisdictions.

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## BEPS could change fund director geography

The location of board meetings and the residency of directors have traditionally been critical factors in determining a fund's tax position. That is likely to change under BEPS. Boutique managers are exempt from BEPS (Base Erosion and Profit Shifting). But this major change to the global tax system will impact fund structures in many ways and boutiques will not be immune.

According to the OECD the criteria for determining where a company is based for tax purposes dates back to the era of the League of Nations from the inter war years. Pascal Saint-Amans, Director for the OECD's Centre for Tax Policy and Administration, says that BEPS will change these long established current arrangements.

Governments of G20 countries, and many others, believe that the international tax system is no longer fit for purpose.

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**For more information on please e-mail [John Omoya](mailto:John.Omoya@ifi.com)**

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IFI Global Ltd.  
10 Arthur Street  
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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

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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)