

The NED

Risk and Governance

Independent intelligence on fund governance issues

Issue 78 • February 2018

End of the traditional NED?

There has usually been a clear line between the responsibilities of a non-executive director and the management of a fund. But in both EU and European offshore jurisdictions that clear line is fading. And thanks to incessant demands for more substance in the jurisdictions where funds are domiciled the line could even disappear altogether.

This is an unintended consequence of BEPS. It is also an unintended consequence of the EU's blacklist threats against offshore jurisdictions. And it might also be a consequence of Brexit – at least in EU jurisdictions – as ESMA may very well require much stricter local substance standards to approve delegation arrangements.

Whatever the reason, NEDs on funds in European offshore and EU jurisdictions are turning into de facto executive directors. In all but name several people that this publication talks with in the Channel Islands, and a few in Dublin, have now effectively become part-time employees.

It does not appear that anyone has yet thought through what all the demands for yet more substance in jurisdictions where funds are domiciled means for the future structure of the asset management industry – including, of course, for its directors. [Continued on page 16 >>](#)

Rating Guernsey fund boards

A good number of funds in Guernsey have gone to a considerable effort to make information on their board members easily available. Most of these funds provide the details that investors should want to have with regard to the background and experience of the directors. This often includes remuneration too.

But other funds, sometimes in the same investment strategy as those that are open and transparent, appear to have made relatively little effort to provide this information. (The information The NED has taken on fund boards in Guernsey comes from publicly available sources, primarily from the funds' annual accounts and information from websites.)

Of the 802 funds listed on the GFSC's website The NED's researchers were able to find information on the boards of 172 funds. In some cases there may be a good reason why these details are not provided but in many situations that appears not to be the case. (In Jersey The NED found information on the directors of 107 of the JFSC's listed 485 funds.)

As in Jersey funds that have made the effort with their board selection appear to want to tell people about it. [Continued on page 8 >>](#)

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