

# The NED Risk and Governance

Independent intelligence on fund governance issues

Issue 73 • September 2017

## Time for LPAC standardisation?

Results of a major global study on private equity fund governance show a significant degree of disparity in LPAC development. The research has just been released. It was conducted by IFI Global's research department, The NED's parent, and Vistra. It is first global study on private equity fund governance ever undertaken.

The research suggests that LPAC development is in a period of real transition. Should this continue a great deal further, in terms of LP involvement in the fund, it could lead to questions as to who is ultimately in charge: the GP or the fund's LPs, via its advisory committee. A GP from a European buyout firm said that the direction of travel in LPAC development suggests that these entities could perhaps perform the same functions as a corporate board one day.

One of the questions where there was a great variety of responses was on how GPs determine who should join the LPAC, and what they are used for. The results of this research show that decisions on who joins the LPAC break down into the following four broad categories: Size, Likeability, First in, Proportionality. [Continued on page 12 >>](#)

## Views on director selection

The NED has been told many times that selection of fund directors is a random process, too often dependent on who you know, as opposed to what you know. As a result it is undertaking a number of projects to help professionalise the selection process.

The hope is that some of these will be in place before the FCA's recently announced changes to UK fund boards come in. If there is an established means of selecting independent directors for UK fund boards available by the time the FCA's changes come into effect it could well make a big difference to the quality of the candidates selected.

To get things going The NED surveyed a cross-section of people in the UK who are involved in advising managers on the selection of non-executive directors for their funds. Over the period from August 29 to September 19 The NED surveyed 21 advisors in the UK on fund director selection. (This research will be followed up with a similar study later this autumn in the US.)

[Continued on page 10 >>](#)

## Contents

<b>Time for LPAC standardisation?</b>	<b>1</b>
<b>Views on director selection</b>	<b>1</b>
<b>News</b>	<b>2</b>
Video interviews for directors	2
More from ESMA on Brexit	2
HMRC to focus on corporate tax evasion	4
CRS implementation	5
Recent developments under FATCA	6
Jersey private placement growth	7
Clarus selected for UCITS platform	7
<b>Investor influence grows</b>	<b>8</b>
<b>Views on director selection</b>	<b>10</b>
<i>Continued from page 1</i>	
<b>Time for LPAC standardisation?</b>	<b>12</b>
<i>Continued from page 1</i>	
<b>Non Executive Fund Directors Database</b>	<b>16</b>

### 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

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