

The NED Risk and Governance

Independent intelligence on fund governance issues

Issue 97 • September 2019

UK independents: deadline time

The UK's 200 authorised fund managers (AFMs) must have their independent directors appointed by the end of September.

All the AFMs contacted by The NED said that they have made their appointments but some also added that these appointments have not yet been approved by the FCA. This confirms what many people have known for sometime: many AFMs left their independent director selections very late.

The NED does not know of an AFM that has gone beyond the minimum requirement of appointing two independent, non-executive directors to their board. (Although it understands that one or two might do this in the future.)

There is nothing to stop AFMs appointing three or four independents to their boards, should they wish to do so. The FCA just requires 25% of the board directors to be independent, with a minimum of two of these from outside the organisation. Not one that The NED knows has exceeded this minimum requirement, at least yet. [Continued on page 12 >>](#)

Consultation on director ratings

The NED is developing a three-dimensional rating system for independent fund directors. Prior to launching these ratings, it is undertaking a wide-ranging consultation with investors, managers and fund directors.

The NED wants to make sure that when its plans are finalised, which will be at the end of the autumn, they are of real practical help to managers and investors when they are looking for directors. The NED will also be raising this topic at events it is hosting in Guernsey, New York and London. Feedback is also sought from subscribers. Please e-mail Simon Osborn (osborn@ifiglobal.com) with your thoughts.

Why is The NED introducing independent director ratings? It believes that having directors on boards that meet a recognisable standard – to be defined in the coming months - will be good for everyone who wants to see fund governance standards improve.

From the investigative work that has been done by IFI Global researchers on fund board composition, across multiple international fund jurisdictions, it is obvious that not everyone is of the requisite standard to be serving as independents on boards. There are very many excellent and experienced individuals serving as independent directors but there are also people who are on boards that are not of this standard. The NED's ratings are intended to distinguish between the two. [Continued on page 7 >>](#)

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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](#)

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