TheNED Risk and Governance

Independent intelligence on fund governance issues

Issue 122 • November 2021

Fund governance by jurisdiction series

Beginning with Cayman, The NED starts a series examining fund governance and directors by jurisdiction. A look at what is distinctive about Cayman's fund governance practices and its directors.
(Next month, Ireland.)

To understand how fund governance works in Cayman it is necessary to know about the relationship between the US alternative fund industry and this Caribbean jurisdiction. How the US tax exempt market works is key to all this.

Cayman is booming. There are approximately 12,000 funds domiciled there with assets something in the region $5 trillion. Whilst Cayman is used by asset managers from over all over the world its fund industry is very much dependent upon what happens in the US. Fund governance practices in this jurisdiction have been adapted to keep US managers and their investors happy.

A point that everyone in Cayman makes is that its fund governance practices work. The proof of the pudding is in the eating. *Continued on page 12 >>*

The governance of ESG funds

The governance of ESG funds, especially in Europe, is becoming complicated. The SFDR is just one of the many reasons for this.

Panel participants in a session on ESG at a London conference on November 11 were keen to emphasise that boards have to take responsibility for determining funds' ESG obligations. The point was made that there has been a big leap forward in the sophistication of ESG risk dashboards recently and that it is important for fund boards to keep up to date with what is going on here.

Relatedly, the growing complexity of ESG investing was also touched upon and, whilst it wasn't said, the implication is that boards and the senior management behind these products at the fund houses really need to be on the ball or they could end up in trouble. *Continued on page 15 >>*

10th anniversary year

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IFI Global Ltd.
10 Arthur Street
London EC4R 9AY

For additional information please contact Tamara Sims at sims@ifiglobal.com
IFI Global Ltd, 10 Arthur Street, London EC4R 9AY Tel: +44 (0) 207 220 9077

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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

Directory, event & subscription enquiries:
Tamara Sims e-mail: sims@ifiglobal.com

Registered Office: C/O Critchleys Llp, Beaver House, 23-38 Hythe Bridge St., Oxford, England OX1 2EP Registered in England: No.7648308