

The NED

Risk and Governance

Independent intelligence on fund governance issues

Issue 108 • August 2020

Junk the two-director rule

This would be a good time for Ireland to reform its two-director residency rule. Ideally it should do this before its new LP law comes in. The CBI's ICAV register shows director capacity can be a problem in Ireland; the arrival of many PE funds will make that worse. Irish residency rules make no sense in the Zoom era anyway.

In the current climate it is unlikely that there will be a flood of private equity funds setting up in Ireland once its revised limited partnership law is in operation, at least in the short term. But there will at least be some that will take advantage of the new law - and almost certainly easily enough to make the case for changes to the country's two-director residency rule even more compelling that it is already.

Like every other fund jurisdiction, Ireland has had to suspend its standard attendance rules for board meetings. Board meetings everywhere have gone online. The silver lining to the dark cloud of Covid-19 is that the industry has done a remarkably good job at adapting to the crisis by using Skype, Zoom and other such platforms. It must occur to the CBI that this same technology could also be used to call directors to account, should that be necessary. The technology shows that they do not need to be resident in Ireland – particularly two of them.

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Director ratings update

This is the last update on The NED's plans for independent director certification and expanded fund board ratings before our plans are finalised. They will be announced in the September issue. The NED will also be hosting an online event on this topic shortly after next month's issue has been published. We would again like to thank all those that have provided us with feedback for this project.

There isn't a lot new to report this month but an interesting point raised recently, from Cayman, is whether directors from boutique governance firms that are based there can still be classified as being entirely independent if those firms are also doing service provider work for fund managers. We would be interested in hearing from subscribers on this topic, particularly as we have a lot of those in Cayman.

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IFI Global Research

The Briefing Report

ESG's impact on the fund industry

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Alternative Fund Governance:
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The Tracker

The impact of Brexit on EU jurisdictions

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