

The NED

Independent intelligence on fund director issues

Issue 38 • October 2014

Not in our name

Fund director regulation: the view of managers

A number of jurisdictions are increasing their regulation of fund directors at present. This has generated much discussion, some of it quite heated, on just how these changes will impact fund domiciles like Cayman and Ireland. However little has been heard on this topic from the managers of funds that are located in these jurisdictions. Do they think that more regulation of directors is a good idea?

The NED decided to poll a cross section of European based hedge fund managers to get their views. (It decided to focus just on European managers as it wanted to include views on AIFMD related subjects that will be published in ADI, The NED's sister publication.) The managers that The NED interviewed had dedicated hedge fund AUM of approximately \$73 bn. It polled large, medium and small managers.*

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Forget the geography

In the future fund directors will no longer be selected primarily because of residency

The geography of fund director is about to alter fundamentally. Arguably, this change is long overdue. Tax is the main reason that the offshore fund director business has developed as it has – and changes to the tax code will also be the chief reason for the upcoming shift in director geography. But there are other reasons too (see below). Either way residency will no longer be the chief determinant for an appointment to a fund board.

The changing geography of the business is good news for those who want to see more people coming onto boards with experience from within fund management houses, from say London or New York. But it could well be bad news for those that have set up a business in one particular jurisdiction or another to be on the boards of funds primarily because they are resident there, in addition to have spent a number of years as a fund industry service provider. The chief selling point of some, but by no means all, of these businesses is that they are in domicile X, Y or Z – rather than any particular expertise that they have.

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Harneys	SEC
HMRC	Van Eyk
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Lincolnshire Mgmt	

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IBAN: GB58MIDL40353541444530
SWIFTBIC: MIDLGB2148J

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The NED is published by IFI Global Ltd, 10 Arthur Street,
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