



Industry Professionals serving as non-executive directors to Alternative Funds



The FCA published a consultation paper last year entitled “Measures to Improve Fund Governance”. One of its proposals is to require AFMs (Authorised Fund Managers) to appoint independent members to their Boards. It is suggested that independents should constitute at least 25% of the total board membership and that there should be a minimum of two. It probably comes as a surprise to many of our readers that this is not already a requirement – and, of course, a significant number of AFMs do already have independent directors.

What a difference an “I” can make. This proposal does not apply to AIFMs operating UK funds. But it seems to us that it will only be a matter of time (a post-Brexit bit of gold-plating perhaps) before these rules are extended to AIFMs and that UK alternative investment fund management companies will be required to appoint independents to their boards. In fact we at IPAF first wrote about this possibility back in 2012.

Many of the large AIFMs in London already have independent board members (LLPs via the corporate member), recognising that this is good practice and no doubt provides reassurance to their large investors. It has always seemed to be something of an anomaly that the offshore fund has independent directors, but that the organisation where the really significant decisions are actually taken has little or no external regular advice or oversight (obviously apart from the regulators). Irrespective of the FCA’s rules, it seems to us to be something well worth thinking about, particularly as something investors would welcome.

At IPAF we aim to help alternative funds minimise risk, by appointing first-class people to their boards. But if you take the “I” out of IPAF, you are left with PAF, a gambling company. Another startling difference an “I” can make.

### **About IPAF**

IPAF provides Industry Professionals – independent, knowledgeable and experienced people - as non-executive directors to Alternative Funds. IPAF is run from London with a panel of 17 directors across 7 jurisdictions: Cayman, Luxembourg, Ireland, Switzerland, the Channel Islands, Malta, and the UK. All the IPAF directors are independent of each other and no additional fee is charged by IPAF to a fund that selects a member of its panel: the fund only pays the director’s fees. For more information please email [info@ipafgroup.com](mailto:info@ipafgroup.com).