

Frequently Asked Questions

Why consider an independent director?

The directors are collectively responsible for promoting the success of the fund by leading and directing the fund's affairs. Effective corporate governance is imperative in today's environment as regulators continue to increase their scrutiny and investors are increasingly requiring it. Additionally, other key considerations include the favourable impact on the tax planning of the investment manager and securing the offshore tax status of the fund through the management and control being exercised in an offshore jurisdiction.

What is the role of an independent director (and what value will they add)?

As long as the fund is investing in accordance with the investment strategies and restrictions disclosed in its offering document, the role of an independent director is generally limited to periodically reviewing the performance of the fund and its service providers, reviewing and executing agreements, attending directors meetings and dealing with any extraordinary issues such as approving side letters and resolving conflicts. Independent directors add value by being free of any relationships with the investment manager, administrators, or other service providers; their representation on boards is seen positively by regulatory and tax authorities; they increase both investor and service provider confidence; and they possess knowledge and experience of the jurisdictional requirements where the fund is established.

What are some of the important factors to consider when selecting an independent director?

Independence, capacity constraints, insurance coverage, regulatory approval, corporate support, qualifications, and experience are some of the key factors to consider when selecting an independent director. Directors are individuals who come with different backgrounds, styles, interpersonal skills, and many of the other aforementioned attributes. The objective is to find a competent individual with a commercial mindset who will be responsive to the affairs of the fund.

What constitutes independence and why is it important?

Independence is critical to effective corporate governance. If a director is not independent, conflicts of interest will inevitably arise and interfere with the director's ability to act in the best interests of the fund. Ensuring that the prospective director is independent of the investment manager, administrator and other service providers is critical.

What is meant by capacity constraints?

The directors oversee the affairs of the fund and time and effort is required to effectively fulfill their duties. If they sit on an excessive number of boards or have too many manager relationships they will be unable to adequately serve the fund.

Is insurance coverage important?

Given today's increasingly litigious environment insurance coverage is becoming evermore important. A sufficient level of insurance coverage will provide an indication of the financial standing of the individual and organization. It will also give some assurance that they have an understanding of the litigation risks in today's environment.

How much will an independent director charge?

The directors are responsible for the oversight of the fund's affairs. As such, they have personal liability and the penalties associated with a failure in fulfilling their duties will far exceed the fees they will receive. The remuneration of a director needs to be sufficient to attract and fairly compensate high quality individuals.

Why select IMS directors?

Reputation & Longevity

Licensed & Regulated

Independent

Capacity Constraints & Corporate Support

Experienced & Qualified

Responsive & Efficient

Commercially minded and balanced approach

Serve some of the most notable names in the industry

Founding member of AIMA (Cayman Islands)

IMS Fund Services - International Management Services Ltd

P.O. Box 61 George Town, Grand Cayman, KY1-1102 Cayman Islands

Phone: 345 949 4244 Fax: 345 949 8635 Email: info@ims.ky