

# Fund Board

## Composition Database

The Financial Conduct Authority's (FCA) Asset Management Market Study (AMMS) remedies took effect in September 2019 and have now been in place for three years. Understandably, the Assessment of Value (AoV) requirement has grabbed a lot of the headlines. Yet, no less important has been the impact of the FCA's remedies on the composition of the Authorised Fund Manager's (AFM) fund board, often also referred to as the Authorised Corporate Director (ACD). These have included that each of these boards have a minimum of two independent non-executive directors (iNEDs), with the iNEDs making up at least one quarter of the fund board.

The impact of the iNED requirement on the composition of the fund board has gone beyond just being 'iNED compliant'. In many instances, it has resulted in:

**1**

Clarity between the role of the fund board CEO [Senior Management Function (SMF1)] and the fund board chair (SMF9)

**2**

The transition of executive SMF9s to iNED SMF9s

**3**

The appointment of executive directors (SMF3s) more appropriate to the revised terms of reference of the fund board

**4**

The appointment of additional iNEDs

To track this important fund governance development at fund boards in the UK, FBC has developed the Fund Board Composition Database (FBC Database) across several metrics covering the whole of board. The database will be updated regularly for access by FBC corporate members and other clients, and a summary report of the key findings will be presented annually.

# Summary Findings

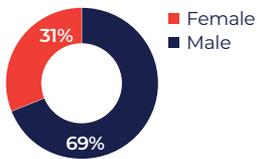
The 2022 FBC Database has details of over 80 fund boards, and just shy of 500 individuals who sit as directors on these boards.

## WHOLE OF BOARD

Covers the whole board including the chair, the CEO, executive directors and iNEDs

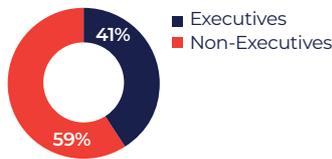
**EXHIBIT 1**

Fund board directors by gender



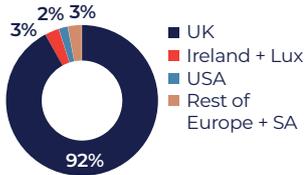
**EXHIBIT 2**

Fund board directors by Executive / Non-Executive role



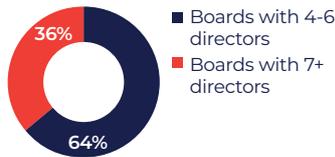
**EXHIBIT 3**

Fund board directors by domicile



**EXHIBIT 4**

Fund board directors per board

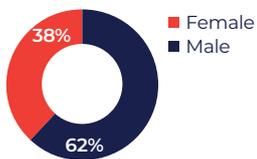


## NON-EXECUTIVE DIRECTORS

Focus on iNEDs (as well as non-executive directors)

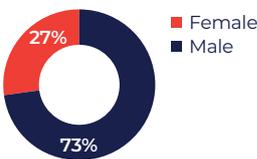
**EXHIBIT 5**

Non-executive directors by gender



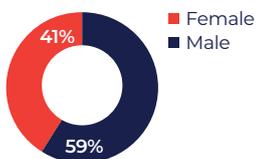
**EXHIBIT 6**

iNED Chairs (SMF9) by gender



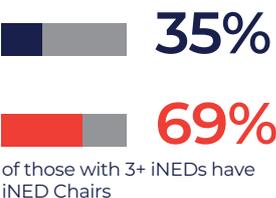
**EXHIBIT 7**

iNEDs (excluding iNED Chairs) by gender



**EXHIBIT 8**

Proportion of boards with 3+ iNEDS

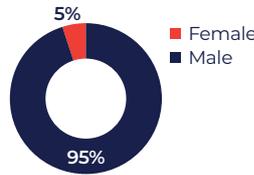


## EXECUTIVE DIRECTORS

Focus on AFM executives sitting on UK fund boards

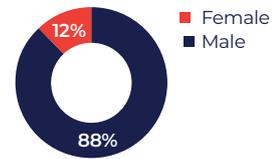
**EXHIBIT 9**

Executive Chairs (SMF9) by gender



**EXHIBIT 10**

Boards CEOs (SMF1) by gender



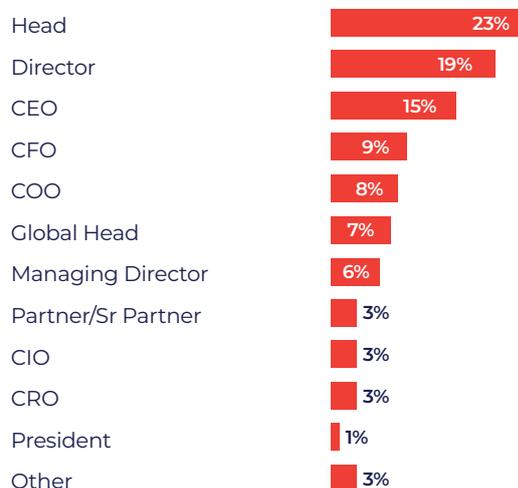
**EXHIBIT 11**

Executive directors by function



**EXHIBIT 12**

Executive directors by seniority





# FBC Database Services

Fund Boards Council has developed this database to help inform funds boards' decision-making across a number of board governance areas, including:

## 1. Chair transition – executive to independence

While there doesn't appear to be an explicit requirement to have an independent director as chair of a fund board, the trend is clearly moving in that direction. What should fund boards take into account whilst considering this transition?

## 2. Optimal balance of executive versus independent directors

What are the arguments for having any more than the minimum requirement of independent directors on fund boards relative to the number of executive directors on your fund board? Further, does it make sense to have independent and executive directors sit on multiple boards within the fund group, including overseas group boards?

## 3. Board diversity

That diverse boards result in better outcomes is now a well-established fact, but how does this apply in the case of fund boards which also require a high degree of asset management knowledge and experience?

## 4. Functional representation gap analysis and skills audit

Fund boards in a post-Asset Management Market Study environment ought to have clearly articulated deliverables as part of their terms of reference. To what extent does your current fund board have the optimal balance of skills, and how do you identify gaps, if any?

## 5. Board governance mapping

Is there a clear understanding and 'governance mapping' of your fund board in the context of group governance architecture, and is this something that is reviewed at regular intervals?

## 6. iNED recruitment

With the most comprehensive database of fund board iNEDs in the UK, FBC is ideally placed to support iNED recruitment as part of FBC's Fund Board Effectiveness services. If you are interested in finding out more, please ask for our Credentials and Process document.

## Contact us

For more details on how the FBC Database may be useful to your fund board, please get in touch with **Shiv Taneja** at [staneja@fundboards.org](mailto:staneja@fundboards.org) or **Catherine Battershill** at [cbattershill@fundboards.org](mailto:cbattershill@fundboards.org) for a discussion on how FBC may be able to help.