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CBI Letter Re Directorships

15 September 2016

The Central Bank of Ireland issues a letter following review of number of Directorships held by Individuals

Please see the link to read the full letter issued by the Central Bank of Ireland (CBI) on 8 September 2016:

<https://www.centralbank.ie/regulation/industry-sectors/funds/Documents/Director%20Time%20Commitments%20Industry%20Letter.pdf>

In summary

1. Following the completion of a thematic review of directors time commitments further analysis was undertaken by the CBI of directors time commitments on a sub-fund basis to ascertain the impact of sub-fund complexity on directors time commitments. This was designed to ensure directors were allocating sufficient time to fulfil their obligations
2. Following extensive engagement with directors, significant progress has been made in reducing concentrations of directorships
3. The top 13 directors referenced by the CBI in 2015 have reduced their overall number of directorships by 28%
4. The CBI findings outline that the amount of time allocated by directors to sub-funds varied significantly from 2 hours to 11 hours per sub fund

The time allocation varied for a number of factors including:

1. The number of sponsor relationships
 2. Multiplicity of fund service providers
 3. Diversity of investor base
 4. Complexity of investment strategies
- The CBI considers the responsibilities associated with managing high numbers of sub-funds to be significant and they provide details in the letter regarding the commitment and effectiveness of planning by boards to ensure a director has the overall time capacity to be an effective director to the sub-fund(s).

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- The CBI continues to note that where an individual director has aggregate professional time commitment in excess of 2,000 hours a year, including commitments to at least 20 fund boards , the CBI would deem that individual to be at a high risk of not being able to fulfil their Board role to an appropriate standard.
- The CBI notes that it will to continue to engage, as necessary, with directors identified as having high overall time commitments and directorship numbers.

The letter concludes noting that responsibility for compliance with all regulatory obligations rests with the Boards and the individual directors. They request that each board should review their current composition, taking the guidance into account, to ensure that each director appointed has sufficient time allocated to their role.

For more information on how bridge can help, please contact:

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