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# ENHANCING EFFECTIVE GOVERNANCE: THE BENEFITS OF INSTITUTIONAL MEETING SUPPORT FOR ASIAN INVESTMENT MANAGERS

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# Enhancing Effective Governance: The Benefits of Institutional Meeting Support for Asian Investment Managers

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While developments across the investment funds industry in Asia have been positive and growth across the region has been strong, Asian investment managers have also faced a number of challenges. The ever-changing regulatory landscape and introduction of new compliance and governance requirements have created a greater operational burden. At the same time, managers have had to grapple with the effects of the COVID-19 pandemic and related operational challenges which can make having a proper governance framework in place, including regularly holding formal board meetings and documenting discussions and decisions, increasingly onerous. These dynamics demand professional, institutional-grade solutions and support that can drive efficiency and afford managers the opportunity to renew their focus on core activities.

## Raising the Bar for Governance

Historically, there has been less demand in Asia for the kind of corporate governance policies that have been common in Western investment markets. Governance best practices have not always been a key area of focus and, as a result, there has typically been less incentive for managers to incur the additional costs required to adhere to these standards.

Times have changed, however, and there is a growing realisation that for Asian managers to attract institutional money and build their track record, it is essential to have the right infrastructure in place, as well as a solid approach to governance. This includes full oversight of all of the fund's operations and service providers, holding regular board meetings, with all decisions taken and matters of business considered and fully documented, as well as ensuring the fund operates free from any conflicts of interest. Well-written board meeting minutes that document both the

decisions taken and the factors that inform the decision-making process demonstrate the functional independence of a fund board from its promoter and the proper discharge of directors' duties. This sends a strong signal to both investors and regulatory authorities that there is a commitment to the highest standards of governance.

In addition, many investment managers have increasingly recognised the heavy administrative burden that implementing a solid governance framework can create. This is particularly true during volatile periods, such as the current environment created by the COVID-19 pandemic, and demands flexible solutions and expert support.

## Outsourced Board Support and Company Secretarial Services

A strong governing body and the adoption and implementation of the aforementioned governance best practices can be significantly enhanced with professional company secretarial services and board meeting support. In the ordinary course of business, directors can be expected to meet at least semi-annually in the case of funds registered with the Cayman Islands Monetary Authority ("CIMA"), but are encouraged to ideally meet quarterly. Other jurisdictions that are often utilised by Asian managers will have similar requirements and governance standards. This, coupled with specific policies and procedures regarding record keeping and documenting the process of decision-making during board meetings, can often take attention away from an investment manager's core operational duties.

This, however, can largely be mitigated by engaging a professional industry partner with the appropriate expertise and experience. Support may include scheduling and coordinating attendance at meetings, disseminating notices and agendas to participants, providing teleconference and / or video conferencing details, preparing and securely delivering board packs to meeting participants, preparing an action point list from each meeting and preparing and finalising meeting minutes. While this level of support can add

value throughout the life of a fund, institutional quality meeting support can prove especially valuable when a fund is facing challenges. This has proven critical over the last year where meetings have been urgently convened and critical discussions have taken place which have required thorough documentation.

Furthermore, advances in technology and its application towards board meetings continues to evolve in tandem with governance standards, while reducing the strain on a manager's internal resources. Certain platforms can be used to complement a robust company secretarial and board support services offering. With the distinct possibility that in-person board meetings may not be possible for some time, the use of technology and videoconferencing has become an increasingly important medium for communication and may be a pivotal element of effective board meeting support.

The Maples Group utilises Nasdaq Boardvantage® for bespoke online meeting and entity document management. This best-in-class software, with a highly intuitive and user-friendly interface, simplifies the storage and distribution of synced meeting materials and documents, allowing authorised representatives to access via a range of devices, including smartphones and tablets, both online and offline, and allowing users to add private and shared annotations, highlights or drop pins to any file. The features of this platform allow for maximum flexibility, which has been especially useful in the current remote work environment.

## High Touch, On-the-Ground Support

While the support of a partner with an international footprint can be advantageous in today's increasingly global world, there is also benefit to engaging with a service provider that has a local presence. This ensures that investment managers are receiving support from the local time zone, affording a high degree of responsiveness. In addition, on-the-ground capabilities ensure there is a provision of services in line with local practices and cultural nuances and reflective of the investment manager's approach to

doing business. Service providers who offer support with local language capabilities and fluency in English as well as Mandarin can also be useful. This can address any potential language barriers, ensuring that managers are able to communicate as effectively as possible, particularly when interacting with Western investors, directors or other third parties.

The Maples Group's local board support offering in Hong Kong services its Asian client base and provides solutions rooted in local on-the-ground knowledge. At the same time, as part of a large global fiduciary services firm, clients can benefit from a collaborative and integrated approach that draws on international perspectives and leverages cross-jurisdictional expertise.

Investor-driven demands for the highest standards of corporate governance have further intensified through the recent period of heightened regulatory change and this dynamic is likely to prevail as funds face fresh challenges from the COVID-19 pandemic and the operational issues that may arise. With the actions of funds under ever-increasing scrutiny from allocators and intermediaries, managers can gain comfort from outsourcing company secretarial and board support activities to an experienced industry partner with a robust infrastructure who takes a tailored approach.

This can not only create additional capacity and allow investment managers to focus on their core competencies, but can also ensure they meet the expectations of independent directors, regulators and institutional investors / allocators.

## About the Authors

### Hugh Thompson

Hugh is the Global Head of the Maples Group's fiduciary services business. Having worked in banking and fiduciary services for over 30 years, Hugh has extensive experience of a wide range of financial products and financing vehicles. He has been involved in the closing and subsequent administration of numerous transactions including securitisations, CLOs, trusts, hedge funds, asset finance and private equity funds.

### Shane Toomey

Shane is a chartered company secretary that specialises in the provision of board support services to investment funds and private equity vehicles. Having responsibility for the team in Hong Kong, Shane provides board support services to our Asian client base.