



Press Release
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Investors come first, says new corporate governance code for Independent Directors of Investment Funds

A corporate governance code for independent directors of investment funds which puts investors' interest above all others has been published by the Corporate Governance Association of Ireland (CGAI).

The CGAI Code (the "Code") comes after the November signing into law of Statutory Instrument number 450 of 2009 'European Communities (Directive 2006/46/EC) (S.I. 450), which obliges certain listed entities (including funds) to include corporate governance statements with their accounts. The CGAI believes that its Code will provide one such benchmarking code as required by S.I. 450.

The Code focuses on three specific areas: the independence of the board; the appointment and responsibilities of a chairman and guidance on the role of directors. The Code specifies that Directors should particularly focus their attention on the areas of investment performance, risk management and operational effectiveness.

The aim of the Code is to achieve higher standards of corporate governance of investment funds in Ireland. The Code suggests that good governance is best achieved through a principles-based approach that puts investors' interests above all others. "Critics may say that such principles-based codes are unnecessary, cumbersome and/or bureaucratic," said Jerry Kelly, Chairman, CGAI, "but adherence to this set of guidelines will do at least one thing; it will demonstrate to all stakeholders of a Fund that the investor comes first".

To emphasize the importance of putting the interests of investors above all others the CGAI Code says, "In the pursuit of investor interest, directors should be prepared to resign or take such steps that could lead to a loss of office".

Whilst the Code has been prepared as guidance for members of the CGAI who act as directors of Investment Funds, the CGAI hopes that the Code will be adopted by many funds based in Ireland. In the opinion of CGAI, its provisions should be of value to every director of investment funds, investment companies, collective investment schemes, investment management companies or other relevant investment vehicles.

CGAI points out that governance is an evolving process so it anticipates that funds adopting its guidelines would be likely to do so over a period of time rather than in one move. "The important thing is that funds in Ireland develop their governance practices ever closer over time to international best practice", said Jerry Kelly.

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In drafting this Code, the CGAI has noted best practice in operation for domestic and offshore funds registered in the U.K. and the U.S. and has drawn heavily on the excellent work of the UK's Association of Investment Companies.

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Note for editors

The Corporate Governance Association of Ireland

The Corporate Governance Association of Ireland (CGAI) was founded in 2006. It is a professional association of members who are certified in corporate governance postgraduate studies. The CGAI encourages its members to pursue continuous professional development to keep abreast of this continually evolving subject.

The Association seeks to promote best practice in governance across the commercial, public and voluntary sectors.

For more information visit: www.cgai.ie