irish funds

IFS IRELAND
DELIVERING GLOBAL FINANCIAL SERVICES

IRELAND: A GUIDEBOOK FOR CHINESE ASSET MANAGERS

irishfunds.ie

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The full range of industry publications produced by Irish Funds are noted in Appendix 3 and can be found at irishfunds.ie.

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FOREWORD

The path of Irish economic development bears many similarities to that of China. Both our economies place a great emphasis on education and innovation as a means to raise living standards. We are both determined to add our own unique skills and competencies to the advancement of the global economy.

Expertise in internationally traded specialist financial services has been a core part of Ireland's offering to the world for over three decades. The Irish government crystallised this in developing its International Financial Services Strategy (IFS2020) back in 2015.

Ireland's proven capabilities across international banking, insurance, aviation financing, fintech and payments and asset management and fund services industries have been a constant source of growth and pride. Connecting international asset managers from across the globe with clients from 70 countries epitomises how Ireland's wider financial services sector operates as a gateway to Europe – using our skills to build success for our partners and ourselves.

Key to building success over time is a continuous investment in knowledge and relationships. This Guidebook is a continuation of a determined and focused effort to bring the unique skills of the Chinese and Irish Industries closer together by sharing knowledge and building relationships at industry and official level.

Ireland can, and increasingly will, provide inbound access to investment managers looking to deploy capital in the Chinese securities markets – the work of industry participants around the Stock Connect infrastructure and grant of RQFII quota to Ireland in late 2016 are testament to this.

As importantly, the rapid development of asset management capabilities in China will naturally seek new markets and client bases to extend and increase the size of their international businesses. Ireland, as a global centre for asset management and fund services, is ready to assist in this journey.

I congratulate the Asset Management Association of China (AMAC) and Irish Funds for their joint initiative in producing this very helpful guide. It is in particular timely where firms are required to review their plans for access and expansion into the European single market. The Irish government and its agencies stand ready to help build further commercial relationships and I look forward to the next stage in this exciting Sino-Irish journey.

Eoghan Murphy TD,
Minister of State for Financial Services

GLOSSARY OF KEY TERMS

AIF: Alternative Investment Fund
AIFM: Alternative Investment Fund Manager
AIFMD: Alternative Investment Fund Managers Directive
AMAC: Asset Management Association of China
AUA: Assets under Administration
CBI: Central Bank of Ireland
CCF: Common Contractual Fund
CIS: Collective Investment Scheme
DAC: Designated Activity Company
EEA: European Economic Area
ETF: Exchange Traded Fund
ESMA: European Securities and Markets Authority
EU: European Union
FATCA: Foreign Account Tax Compliance Act (USA)
FDI: Financial Derivative Instruments
ICAV: Irish Collective Asset Management Vehicle
IREF: Irish Real Estate Funds
IRISH FUNDS: Irish Funds Industry Association
ILP: Investment Limited Partnership
IOI: Instrument of Incorporation
IOSCO: International Organization of Securities Commissions
KIID: Key Investor Information Document
L-QIAIF: Loan Originating Qualifying Investor Alternative Investment Fund
MANCO: Management Company
MiFID: Markets in Financial Instruments Directive
MMIF: Money Market and Investment Fund
POA: Programme of Activity
QIAIF: Qualified Investor Alternative Investment Fund
RIAIF: Retail Investor Alternative Investment Fund
RQFII: RMB Qualified Foreign Institutional Investor
SMIC: Self-managed Investment Company
SRRI: Synthetic risk and reward indicator
TER: Total expense ratio
UCITS: Undertaking for Collective Investment in Transferable Securities

CHAPTER 1 – WHY IRELAND?

As a relatively small and open economy located in the north-west corner of Europe with a population of some 4.7 million people, Ireland may not naturally, at first glance, resonate as the globally significant centre for asset management and investment funds which it has become. Today, Ireland is the domicile for 5% of world-wide investment funds assets, making it the third largest global centre and the second largest in Europe[1]. Over 850 global fund managers have utilised the skills and services which Ireland provides to bring their products and services to an increasingly global audience.

This was many years in the making and extends to a range of industries and business sectors. The environment and strong reputation created as a location for international business is recognised globally. Notably, Ireland is:

1st in the world for the flexibility and adaptability of people[2]

1st in the world for finance skills[2]

4th largest exporter of Financial Services in the EU

The EU country with the highest proportion of 25-34 year olds with a third level qualification (52%)

The only native English speaking country in the Eurozone

A multi-lingual society with over 500,000 Irish residents having fluency in a second language other than English

A business location[3] for
- 9 of the top 10 global software companies
- 9 of the top 10 global pharmaceutical companies
- 8 of the top 10 global aviation leasing companies
- 4 of the top 5 IT services companies

1st in the world for inward investment by quality and value (for the fifth year in a row)[4].

A location which creates value. 95% of responding multinational companies rate their investment in Ireland as a success. Nine out of ten CEOs plan to increase or maintain their investment in Ireland[5].

An internationally recognised open jurisdiction that is committed to maintaining its competitive 12.5% corporation tax rate
- Irish domiciled funds are exempt from corporation tax at the fund level and the income is therefore taxed at the level of the investor rather than the fund.

Is an OECD member and has committed to the various tax anti-tax avoidance initiatives under the OECD BEPS initiative, thus our tax system is robust and in line with international standards while remaining competitive.

Ireland's trade, business and cultural links with China continue to expand across a range of industries including agriculture, education, information technology and financial services. This was underpinned recently with the approval from the board of the Beijing based Asia Infrastructure Investment Bank of Ireland's application for membership.

Find out more about Why Ireland for asset management in Getting Started in Ireland at irishfunds.ie.

[1]Source: EFAMA International Statistical Release, Q4 2016
[2]Source: IMD World Competitiveness Yearbook 2016
[3]Source: IDA Ireland
[4]Source: IBM 2016 Global Location Report
[5]Source: The PwC 2016 CEO Pulse Survey

CHAPTER 1 – WHY IRELAND?

Ireland and China: A very bright future
In 2016, China was Ireland's largest trade partner in Asia. In 2015, two-way trade in goods and services amounted to some €11.1 billion[6]. Ireland's two-way trade with China could exceed €12 billion in 2016 and €14 billion in 2017 – up from just over €7 billion in 2013. Chinese investment is now starting to flow more strongly into Ireland.

The Irish Government, with strong engagement from its Chinese counterpart, intends to focus on the extensive complementary areas of China's national economic priorities, as set out in its 13th Five-Year Plan (2016-2020), and Ireland's global leadership in Innovation, Entrepreneurship, Technology including FinTech, Financial Services, Higher Education in the English-language and Research & Development[7]. In particular, with the prospect soon of the Government's new, empowering Asia Pacific Strategy for Ireland.

1. What drove the development of Ireland as an international funds centre?

In addition to all of the steps taken domestically to facilitate the development and growth of the funds industry, there were a number of external factors which helped fuel the industry's range of services.
An evolution of the asset management industry globally since the 1980's (both in terms of where asset managers seek investor capital and where they deploy it) created a supply of investment expertise and product solutions investing in a far wider range of securities and strategies.

This coincided with the creation of a passportable investment fund framework in the European Union (EU) which enabled delivery of this ever-increasing range of solutions to wider investor audiences around the globe. Ireland's dynamic and flexible business environment, coupled with a strong educational and skills base facilitated expert and efficient solutions for asset managers seeking to internationalise their businesses. This was facilitated by the development of the legal and regulatory environment here over many years to support growth while maintaining rigorous standards.

Ireland's industry is different from many others in that it serves investment managers from around the world who are trying to reach global investors and not specifically Irish based investors. It is therefore an industry developed with an export and international mind-set rather than one to primarily serve a local investor base.

In more recent years we also have seen the rapid emergence of the Chinese securities markets as a destination for international investment and a range of indigenous Chinese managers looking to expand their regional and global footprints. While recognising the uniquely Chinese nature of these developments they follow a pattern which Ireland is familiar supporting, namely growing industries looking for a location to provide European and international access with effective regulation, a highly efficient and flexible business environment and expertise across strategies and security types. In this sense Ireland has experience over a long period of time. With an industry that employs 14,000 dedicated investment funds professionals, servicing over 850 global managers, Ireland is a proven domicile of choice for international fund promoters wanting to access the Chinese securities markets. The Irish funds' industry consistently tops sector polls for its expertise, efficiency and business-friendly environment.

The relevance of Ireland for the Chinese Asset Management industry

1. Providing access for global managers seeking to invest into China, thereby broadening and deepening local capital markets, benefiting local and international investors and market participants.
2. As a home of over 6,400 regulated funds offering a variety of economic and investment exposures, Ireland can assist the natural process of investment diversification which will occur amongst Chinese investors as Irish domiciled product is distributed in China.
3. Supporting the expansion of Chinese asset managers internationally as they seek to distribute their products and services in the EU and beyond. Ireland provides full market access to the EU and will be the sole English-speaking, Common Law tradition country in the EU and as such, will with certainty:

- participate fully in the EU Internal Market;
- have full, EU-wide passporting for financial products domiciled, managed and marketed from Ireland;
- have full access to EU Horizon 2020 funding for R&D collaborations with non-European countries, including China; and
- have similar full access to EU funding in the higher education sector, etc.

[6]Source: Irish Central Statistics Office, cso.ie
[7]Ireland is ranked 10th globally for overall scientific research quality and in the top 5 in key disciplines such as Nanotechnology (1st), Animal and Dairy (2nd), Chemistry, Immunology, Material Sciences, Agricultural Sciences (3rd in all) and Mathematics (4th). (Thompson-Reuters InCities, November 2016)

CHAPTER 1 – WHY IRELAND?

2. What differentiates Ireland from other European asset management and fund centres?

Within the EU there are a considerable range of choices for asset managers looking for a location to assist them in growing their European business. Traditionally Ireland and Luxembourg are the European locations of choice for this business given many shared features including the legislative framework and the existence of clusters of key supporting skills – areas we describe later in this guide.

The uniqueness of Ireland's offering is that it:

- Combines a native English speaking environment and common law framework within the EU which makes it more accessible for global clients.
- Has maintained consistently high rates of business growth through equivalent growth in its young and highly educated local workforce.
- Has higher combined global rankings in competitiveness (7th in the World[8]) and flexibility and adaptability of people (1st in the World) allowing its offering to be more cost effective and dynamic.
- Doesn't impose annual subscription[9] taxes on funds.

This is recognised by other financial centres globally - in the March 2017 Global Financial Centres Index, Ireland (Dublin) was the European financial centre mentioned most frequently by its peers as being likely to become more significant.

3. Ireland facilitating access to the Chinese securities markets

With world-class and innovative product solutions, Irish domiciled funds offer access to the Chinese securities markets in a variety of ways, including through the Chinese Interbank Bond Market ("CIBM"), Shanghai and Shenzhen Stock Connect, and the Qualifying Foreign Institutional Investor ("QFII") and Renminbi Qualifying Foreign Institutional Investor ("RQFII") regimes. While all of these schemes can provide access to Chinese assets, asset managers wishing to invest in the Chinese securities markets will need to assess each scheme to decide which best meets its needs. Irish Funds is also working with key stakeholders in Hong Kong and China to enable investment by Irish domiciled funds via Bond Connect.

Looking further ahead, we know that post-Brexit Ireland will be of interest to Chinese asset managers.

Chinese Interbank Bond Market (CIBM)

China's onshore bond market is one of the world's largest credit markets and is growing rapidly. It comprises an exchange-based market and the CIBM:

a) The exchange-based bond market, regulated by the China Securities Regulatory Commission ("CSRC"), facilitates public offers on the Shanghai Stock Exchange and the Shenzhen Stock Exchange and private placements to individuals and small- and medium-sized institutional investors.
b) The CIBM, regulated by the National Association of Financial Market Institutional Investors under the supervision of the People's Bank of China ("PBOC"), is an over-the-counter wholesale market for institutional investors.

In 2016, the PBOC further liberalised access to the CIBM. Eligible foreign institutions (including fund management companies, asset managers and certain launched funds) can now access RMB fixed income securities dealt on the CIBM without recourse to a QFII or RQFII quota. The application process consists of a registration with the PBOC in Shanghai that is carried out by the eligible foreign institution which provides direct access for your Irish fund to the bond market. The first Irish fund to directly access the CIBM through this new registration process was a UCITS fund and was approved by the Central Bank of Ireland, the Irish regulator, in February 2017.

Shanghai-Hong Kong Stock Connect & Shenzhen-Hong Kong Stock Connect

The Shanghai-Hong Kong Stock Connect programme launched on 17 November 2014 and the Shenzhen-Hong Kong Stock Connect programme launched on 5 December 2016. These mutual market access programmes link the stock markets, and their respective clearing and settlement systems, in both Shanghai and Shenzhen with Hong Kong. Under Stock Connect, investors in Hong Kong and Mainland China can trade and settle shares listed on the other market via the exchange and clearing house in their home market. This opened up a substantive facility for overseas funds

[8]IMD World Competitiveness Scorecard 2016
[9]The Luxembourg taxe d'abonnement is a subscription tax (droit d'enregistrement) based on the negotiability of securities issued by an Undertaking for Collective Investment (UCI), a Specialised Investment Fund – SIF, a Reserved Alternative Investment Fund – RAIF or by a Family Wealth Management Company (société de gestion de patrimoine familial - SPF). guichet.public.lu/entreprises/en/sectoriel/organisme-placement-collectif/taxe-abonnement/index.html

to invest directly in Chinese domestic-listed equities without the need for an QFII or RQFII quota. Foreign investment funds can access Chinese equities listed in Shanghai and Shenzhen through the Northbound Trading Link of Stock Connect. The Central Bank of Ireland permits both Irish UCITS and AIFs to invest via Stock Connect[10].

Bond Connect

Further to the recent connectivity and liberalisation initiatives, (Shanghai and Shenzhen Stock Connect), the introduction and implementation of "Bond Connect" announced early in 2017 will allow overseas funds to invest in bonds traded in CIBM in transactions carried out in Hong Kong. This development signals the latest push by mainland authorities to make China's bonds more accessible to offshore investors.

This should be another welcome addition for Irish fund product looking to gain exposure to China bonds and an opportunity for Chinese asset managers with Irish product or for those looking to set up an Irish vehicle through which to house exposure to Chinese assets.

MSCI: new roadmap for China A-Share inclusion

It is expected that there will be a significant increase in interest for China A Shares once China is included in the MSCI Emerging Markets Index. China A Shares would make up a fifth of the MSCI Emerging Markets Index in a full inclusion and it would also mean billions of dollars flowing to China's markets from funds benchmarked to MSCI indexes.

In March 2017, MSCI unveiled a new proposal for the inclusion of China A-shares in its global equity benchmarks. The new proposal is based on the Stock Connect access framework and suggests limiting the inclusion universe to large-cap companies accessible through the Shanghai and Shenzhen Stock Connect Programmes, as well as excluding stocks which have experienced or are expecting prolonged suspensions. It is anticipated that China will be approved for inclusion in the MSCI in June 2017, with likely implementation in June 2018.

Qualified Foreign Institutional Investor (QFII) Scheme

The QFII programme was introduced in 2002 and allows foreign institutional investors to invest in their local currency in China's securities market. QFII was intended to be the method by which institutions, pension funds and asset owners apply for quota to invest in the China markets. The allocation of QFII quota is regulated by the State Administration of Foreign Exchange ("SAFE") and also involves obtaining a QFII licence from the CSRC. Through a QFII quota, foreign institutional investors can invest in, inter alia, RMB-denominated financial products, including stocks, bonds and warrants traded or transferred on the Shanghai or Shenzhen Stock Exchanges, fixed income products traded in the inter-bank bond market, securities investment funds and stock index futures. In February 2016, the QFII rules were again enhanced reducing the initial lock-up period to three months and allowing open-ended funds to repatriate on a daily basis. Given the initial lock-up period requirement, QFII products tend to be structured as AIFMD funds.

RMB Qualified Foreign Institutional Investor (RQFII) Scheme

The RQFII regime was introduced in 2011 and is a modified version of the QFII scheme. It facilitates the use of RMB held outside of China to be invested in China's securities market and was intended to be the method by which individual participants apply for quota to invest in the China markets which can then be used to gather funds. It initially only applied to Hong Kong subsidiaries of PRC firms and Hong Kong financial institutions. However, it has now been expanded to a number of foreign countries, including Ireland which received RQFII quota of RMB 50 billion in December 2016. The granting of quota by the Chinese authorities to Ireland was an important milestone in the relationship and aligns with the objectives of the Irish government's IFS2020 Strategy.

Similar to the QFII regime, an application needs to be made to SAFE for a quota and to the CSRC for a licence before RQFII quota is granted. The investment universe is the same as for QFII licence holders. Notably, open-ended funds are not subject to any initial lock-up period and can repatriate funds on a daily basis which makes it very attractive for UCITS funds. The Central Bank of Ireland approved the first UCITS fund with 100% exposure to the Chinese equity market through an RQFII licence in December 2013. RQFII is suitable for both UCITS and AIFMD funds.

[10]subject to the conditions set out in its UCITS and AIFMD Q&As at ID 1015 and ID 1094 respectively which can accessed at centralbank.ie/regulation/industry-market-sectors/funds/ucits/guidance and centralbank.ie/regulation/industry-market-sectors/funds/aifs/guidance

CHAPTER 1 – WHY IRELAND?

4. Ireland's strategic position: responding to Brexit

The United Kingdom's decision to leave the EU will result in a range of uncertainties and challenges for firms currently or planning on using the United Kingdom as their primary base for European operations to serve the EU marketplace. This extends across all areas of financial services, including the European funds industry but solutions are available for Chinese managers seeking to distribute products or establish operations given that Ireland remains a fully committed member of the EU.

Ireland: Committed to the EU

- Ireland is fully committed to the EU. Ireland is an independent sovereign State and our membership of the EU is not affected by the UK's decision to leave.
- As an EU member Ireland has guaranteed access to financial services passporting across the EU and EEA.
- Ireland is a member of the EU since 1973 and was one of the founding members of the Euro in 1999 (coming into use in 2002). Today Ireland is one of 19 countries in the Eurozone.
- Irish public support for the EU is very high (88% according to a European Movement Ireland poll in May 2017). There is strong support for the EU across all major political parties.
- EU membership remains central to the success of our open, competitive economy and has been the foundation for much of the economic and social progress we have made over the last four decades. As an EU Member State we have unfettered access to the EU's Single Market of more than 500 million citizens.

Brexit solutions for the asset management and funds industry

For almost three decades the industry in Ireland has been providing solutions for both EU and non-EU based asset managers. In this regard, while Brexit will clearly pose some new challenges, the essential function provided by the industry in Ireland to global fund managers will continue.

The Irish fund industry's response to these challenges focuses on the continuity and interdependence of UK investors as shareholders in Irish-domiciled funds and UK firms providing investment management to Irish-domiciled funds. Simultaneously, the new context presents opportunities to strengthen our partnership for the benefit of European and global investors.

The funds industry here remains focused on its continued ability to provide seamless access to key financial services passports, as well as to assist global and regional players examine the specifics of their product, service and distribution footprints and the business models and structures which support them. Ireland is in a very strong position to maximise opportunities in international financial services arising from Brexit, not least due to our strong track record and excellent reputation as a place to do business.

Ireland remains a committed member of the European Union and will remain so, providing full market access to the EU. As Ireland is in the same time zone, English-speaking, and also has a common law legal system, and approximately 50 flights per day between Dublin and London, it means we are well-placed to assist managers.

The reasons why investment managers (both indigenous UK firms and international firms with a presence in the UK) already look to Ireland as their international funds partner will continue beyond Brexit and those whom have previously gravitated to the business environment available in the United Kingdom will naturally consider Ireland.

Government response to Brexit

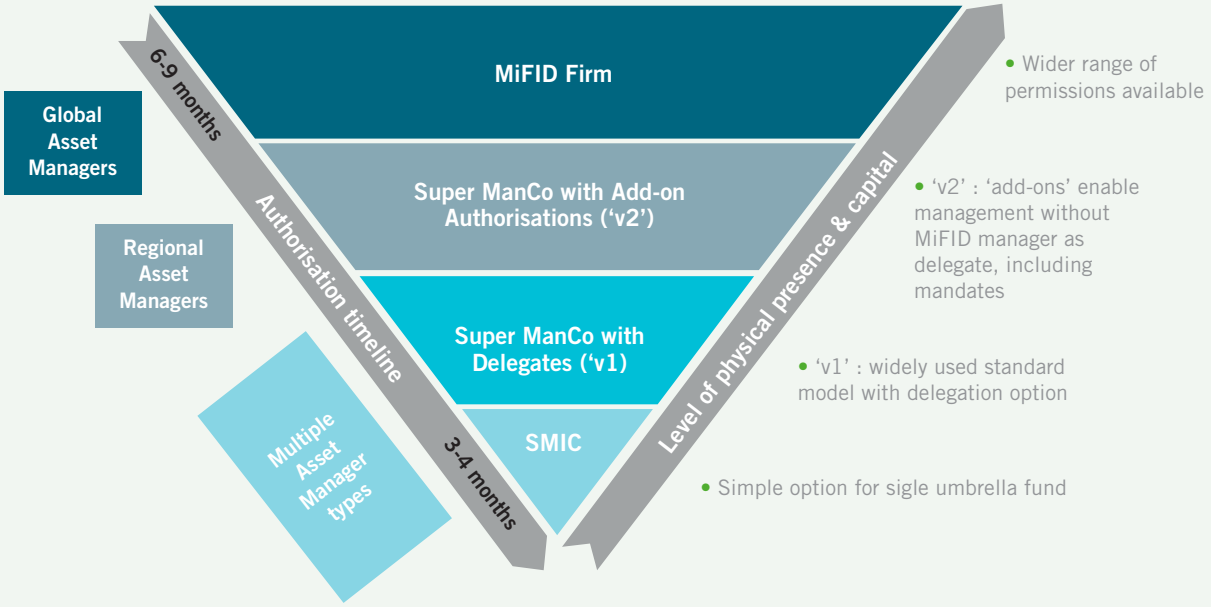
The Irish Government has re-affirmed Ireland's commitment to the EU, and is well prepared to meet the challenges arising from Brexit. To ensure an effective response the Irish Government has:

- Engaged in an extensive programme of meetings with EU partners and EU institutions (over 400 meetings between June 2016 and April 2017);
- Initiated a Cabinet Committee dedicated to Brexit, chaired by the Taoiseach (Prime Minister), overseeing the overall Government response;
- Strengthened relevant Departments, agencies and overseas missions to deal with Brexit issues;
- Announced a new trading strategy – Ireland Connected – with a strong focus on intensifying trade in traditional markets and market diversification;
- Ensured that key agencies in Ireland provide assistance to their clients to prepare for Brexit – making companies more competitive, diversifying market exposure and up-skilling teams; and
- The IFS2020 Action Plan for 2017 places a strong focus on Brexit.

CHAPTER 1 – WHY IRELAND?

In this guide we explain the interaction of regulatory requirements with the available fund structures and operating models. Increasingly though managers want to understand the range of structural options available to them in Ireland post Brexit, ranging from a simple establishment of a fund through to seeking a full authorisation as an investment firm under the Markets in Financial Instruments Directive (MiFID).

These can represented visually as follows:



DEFINITIONS

'MiFID Firm': Investment firms authorised under Markets in Financial Instruments Directive (2007, to be replaced by MiFID/ MiFIR in January 2018)

'Super ManCo': Authorised to provide services to UCITS and AIFs w/ the option of add-on authorisations for segregated mandates

'SMIC': Self-Managed Investment Company

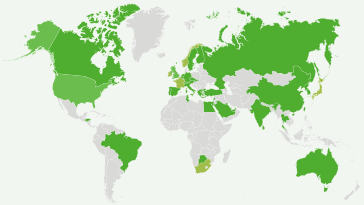
Please see Appendix 4 for a summary of the requirements and relative advantages and disadvantages of each of these.

The use of management companies is also described in further detail in Chapter 6.

CHAPTER 2: AN INTRODUCTION TO THE IRISH FUNDS INDUSTRY

For almost 30 years Ireland has been a leading domicile and servicing location for internationally distributed investment funds, covering the widest range of fund types and investment strategies. The funds industry acts as bridge connecting investment managers with end investors. International fund promoters are attracted to Ireland due to its open, transparent and well-regulated investment environment, its strong emphasis on investor protection, its efficient tax structure and dynamic and innovative business culture.

Ireland is a global centre of excellence for funds and asset management given:



887 fund managers from **53** countries (352 UK, 189 US, 56 Swiss Companies, 68 Asian Companies, 224 others) have chosen Ireland as their international investment fund hub[11].

17 of the top **20** global managers have Irish domiciled funds[12].

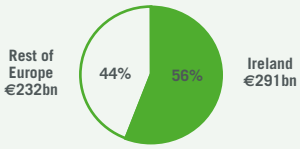
Irish domiciled funds are distributed to over **70** countries in Europe, Asia, the Middle East and the Americas.

71%

71% of global investment managers surveyed chose Ireland as a top three European domicile. This is over **25%** more than its closest rivals[13].

7,000

Ireland has over **7,000** stock exchange listed investment funds and the Irish Stock Exchange (ISE) is recognised globally as a leading exchange for the listing of investment funds with investment managers from over **40** global locations listing their funds on the ISE.



Ireland is a leading European domicile for exchange traded funds. Irish domiciled ETFs represent approximately **50%** of the total European ETF market. (Irish Funds, Dec 2016)

Over **40%** of global hedge fund assets are serviced in Ireland, making it the largest hedge fund administration centre in the world and Europe's leading hedge fund domicile.

1st

Ireland was the first European jurisdiction to provide for a regulated structure for hedge funds.

[11]Source: Monterey Ireland Report 2016
[12] Towers Watson 2015
[13]Source: Economist Intelligence Unit Survey on Choosing a European Fund Domicile, 2014

CHAPTER 2: AN INTRODUCTION TO THE IRISH FUNDS INDUSTRY

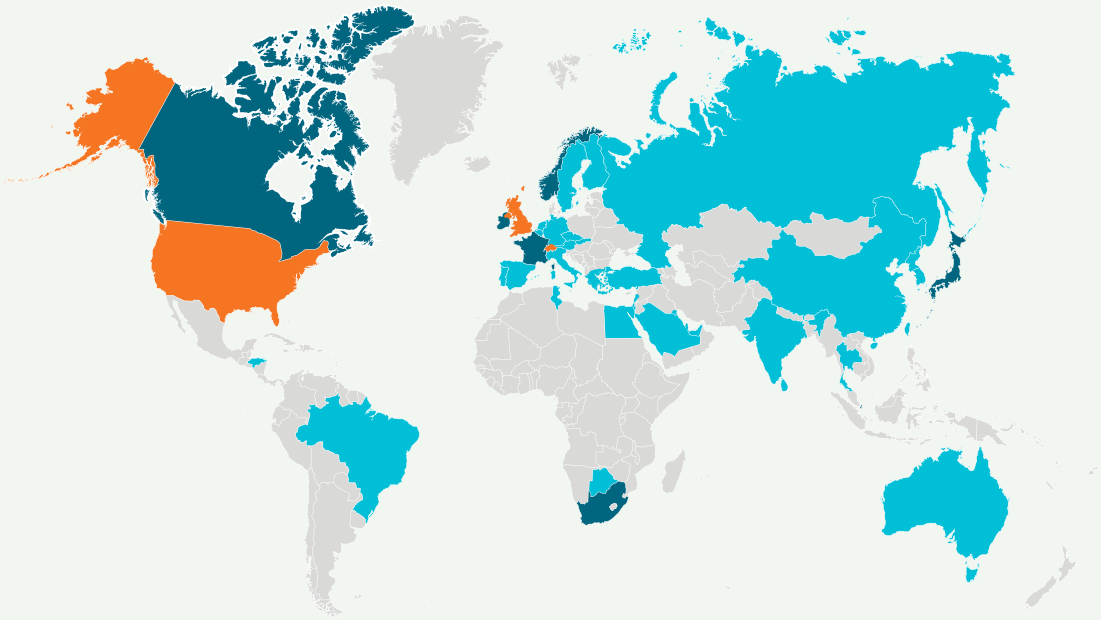
Fund managers: who's already here?

887 fund promoters have chosen Ireland to domicile and/or service their funds.

Currently a range of Chinese asset managers (or their subsidiaries/affiliates) use Ireland for a variety of asset management and fund related services. These include firms such as Harvest Fund Management, China Southern Asset Management and GF Fund Management. Source: Monterey Insight Ireland Fund Survey 2016

887 Fund Managers from 53 Countries

352	189	56	68	222
UK COMPANIES	US COMPANIES	SWISS COMPANIES	ASIAN COMPANIES	OTHER COMPANIES



KEY

40 + Companies | 10 - 40 Companies | 1 - 9 Companies

SOURCE: Monterey 2016

The ability to support the widest possible range of investment strategies and structures is important in supporting managers whether they possess single or multiple capabilities.

CHAPTER 2: AN INTRODUCTION TO THE IRISH FUNDS INDUSTRY

With over 14,000 professionals employed exclusively in the servicing of investment funds, the Irish funds industry has developed a centre of excellence with expertise that spans a wide range of services including fund administration, transfer agency, custody, legal, tax and audit services, stock exchange listing, compliance and consultancy services.

887 Fund Promoters

(480 promoters of Irish Domiciled Funds)

Irish Investment Funds Industry

€4.1

TRILLION TOTAL AUA

€2.1

TRILLION DOMICILED AUA

DISTRIBUTION TO OVER

70 COUNTRIES

13,785 TOTAL FUNDS

6,470 IRISH DOMICILED

7,315 NONDOMICILED

LAWYERS
ACCOUNTANTS
LISTING BROKERS

45
ADMINISTRATION COMPANIES

18
TRUSTEE / CUSTODIAN BANKS

SOURCE: Central Bank of Ireland, Monterey Insight Ireland Survey 2016 and Irish Funds (Net assets and number of funds valid as of Dec 2016)

CHAPTER 2: AN INTRODUCTION TO THE IRISH FUNDS INDUSTRY

As a result of this experience, Ireland has become one of the largest and fastest-growing international fund domiciles.

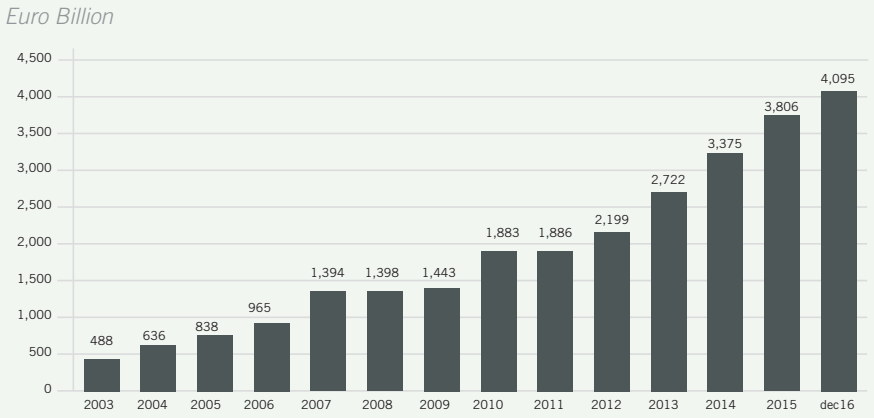
1.Assets under management

At the end of 2016, assets in Irish domiciled funds reached a record net assets of €2.1 trillion. Irish funds are distributed globally, and the record level of assets was also driven by record levels of net sales. Net sales in 2016 across all fund types equated to at €139 billion. This was the highest in seven years since this data became available, making Ireland the number one European domicile for fund sales in 2016[14]. In addition, the Irish industry provides administration services to an additional €2 trillion of fund assets domiciled elsewhere, bringing the total value of assets under administration to €4.1 trillion.

Ireland is the home domicile for 5% of global investment funds assets. The statistics demonstrate considerable growth for those managers using Ireland as a domicile for their funds and the industry generally. In the five years between 2011 and 2016, the net assets held in Irish domiciled funds has doubled; growth which has been aided by year on year increases in the number of funds (including sub funds) locating in Ireland.

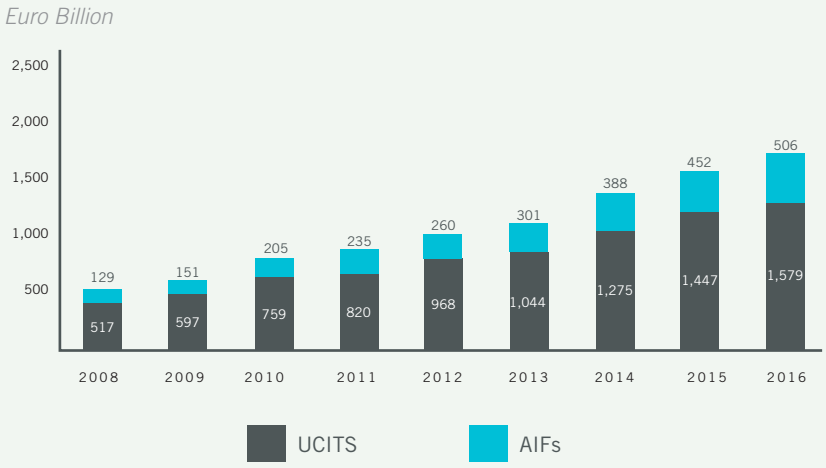
As indicated in the graph above the majority of funds conform to the UCITS[16] rules while the introduction of the Alternative Investment Fund Managers Directive has provided impetus to the creation of Alternative Investment Funds (AIFs). These fund structures and accompanying requirements are discussed later in this guidebook.

Total Assets under Administration in Ireland



SOURCE: Central Bank of Ireland and Irish Funds, Dec, 2016

Growth in Irish domiciled fund assets[15]



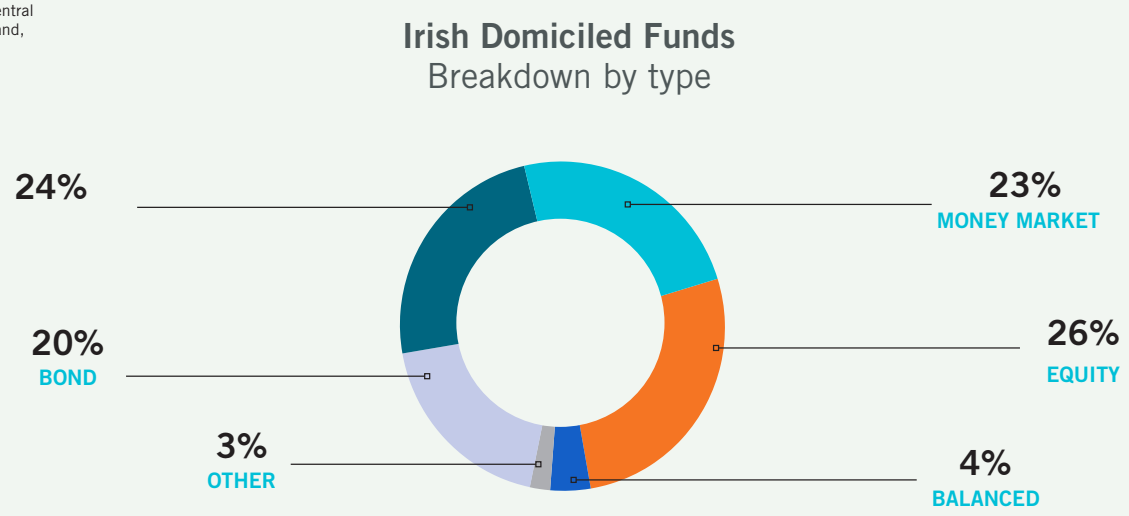
[14]Source: EFAMA International Statistical Release Q4 2016
[15]Irish Funds December 2016
[16] Undertakings for Collective Investments in Transferable Securities

CHAPTER 2: AN INTRODUCTION TO THE IRISH FUNDS INDUSTRY

Breakdown of asset classes of domiciled funds

The Irish funds industry supports the broadest range of products across the 6,000+ funds domiciled here – from traditional to alternative, passive to active, and liquid to illiquid.

SOURCE: Central Bank of Ireland, Dec, 2016



Product Focus:
Exchange-traded funds (ETFs)

Since the launch of the first European domiciled ETF (Exchange Traded Fund) in 2000, Ireland has been the most popular European domicile for ETF issuers. The maturity of the Irish service model ensures that ETF issuers have access to service providers with highly automated and scalable global models.

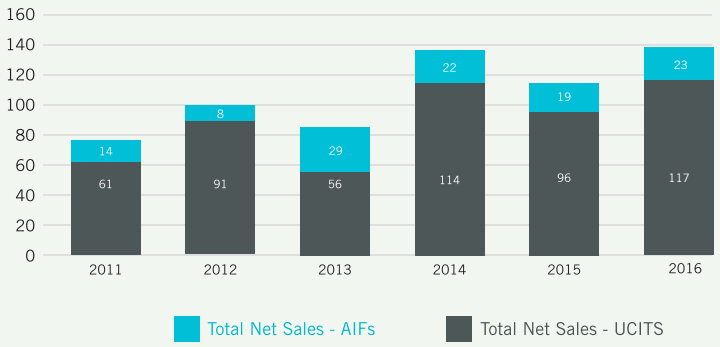
In addition to Irish domiciled ETFs representing over 50% of the total European ETF market, Ireland attracted the largest net inflows of ETFs (€40.9 billion) in Europe during 2016. (EFAMA Quarterly Statistical Release Q4 2016)

CHAPTER 2: AN INTRODUCTION TO THE IRISH FUNDS INDUSTRY

2. Raising investor capital

Among the largest European domiciles, Ireland attracted net sales of €139 billion 2016, driven by strong net inflows into equity, bond and money market funds[17].

Net Sales into Irish domiciled funds (€ Euro Billion)



SOURCE: Central Bank of Ireland, Dec 2016

3. Distributing Irish fund products around the world

Ireland is a major hub for cross-border distribution. It is one of the leading EU "exporting" jurisdictions for investment funds, for both UCITS and non-UCITS. International fund promoters use Ireland as their domicile of choice for fund products and seek to access not only the European market place but also markets outside the EU.

Irish funds are sold to 70 countries in the Americas, Asia and the Pacific, the Middle East and Africa. Wherever your fund is domiciled, it can be serviced out of Ireland – 30 languages and 28 currencies are fully supported.

A total of 480 fund managers and over 887 fund promoters have chosen Ireland to domicile and/or service their funds. Furthermore, the Irish Stock Exchange is the leading stock exchange globally for the listing of investment funds.

Ireland is an internationally recognised jurisdiction with membership of the EU, Eurozone, OECD, FATF and IOSCO.

Ireland does not operate a banking secrecy regime and with openness, transparency and regulation as the pillars of the industry, Ireland leads the global industry in compliance with internationally agreed tax standards, further evidenced by volunteering for a peer review by the G20 and OECD countries. Ireland cooperates with all EU states on the basis of the European directives and the Irish Central Bank has signed Memoranda of Understanding with 44 countries including China, Dubai, France, Hong Kong, Isle of Man, Germany, Japan, Jersey, Malaysia, South Africa, Switzerland, Taiwan, United Kingdom, and the USA.

The most popular markets for registrations of Irish domiciled funds for sale are listed below[18].

Number of funds registered in various countries – sample

UK	2,447
Germany	2,141
France	1,992
Netherlands	1,710
Switzerland	1,689

More information on the practicalities of distributing Irish funds is available in Chapter 7.

[17] EFAMA Quarterly Statistical Release N°68 (Fourth quarter of 2016)
[18] Lipper LIM and PwC analysis 31 December 2016

CHAPTER 3: FUND TYPES AND LEGAL STRUCTURES

1.Fund types

European investment funds are either regulated as Undertakings for Collective Investment in Transferable Securities (UCITS) funds under the UCITS directive or as non-UCITS or Alternative Investment Funds (AIFs) under the Alternative Investment Fund Managers Directive (AIFMD).

UCITS funds can be used for a wide range of strategies and asset classes. This ranges from traditional strategies including equities and fixed income to certain strategies which would traditionally have been regarded as alternative investment strategies, for example certain long / short strategies or structured product strategies. Exchange Traded Funds (ETFs) and Money Market Funds (MMFs) are generally established at UCITS funds. The Qualifying Investor Alternative Investment Fund provides great flexibility in terms of investment strategies as no investment, borrowing or leverage restrictions apply.

Overview of the key differences between the UCITS and AIF frameworks

UCITS	AIF
• Retail or professional investors	• Professional investors
• No minimum investment	• 100,000+ minimum investment
• Well diversified	• No investment restrictions
• Specified investment restrictions	• No derivative restrictions
• Regulated markets	• Self-imposed leverage limit
• Limited borrowing	• May invest through unregulated markets
• Limited derivatives	• Can be open or closed-ended
• Must be open ended	

CHAPTER 3: FUND TYPES AND LEGAL STRUCTURES

UCITS funds

Undertakings for Collective Investment in Transferable Securities (UCITS) were first introduced in Europe in 1985. UCITS were designed with the retail investors in mind, ensuring appropriate levels of protection for investors.

UCITS funds are now a global brand and recognised all over the world. In addition to the European market, UCITS are also distributed in Asia, South America and the Middle East. They are available to retail and institutional investors.

The flexibility of UCITS is evident in that they may be set up as a single fund or as an umbrella fund that is comprised of several ring-fenced sub-funds (more information on umbrella funds is available below), each with a different investment objective and policy. Each sub-fund is treated as a separate entity, with the assets and liabilities segregated from other sub-funds within the umbrella UCITS fund. Management of each sub-fund can be performed by a different investment manager and sub-funds are permitted to invest in each other, subject to certain investment restrictions.

Using an umbrella fund structure

Umbrella funds are the most popular configuration used when establishing Irish domiciled investment funds. The funds are established with a number of separate compartments, known as sub-funds, each of which represents a separate group of investors and assets and liabilities. They are governed by a single constitutive document. At the umbrella level, a number of funds can be established with different investment policies or fee structures, but still adhering to the overall UCITS framework.

They are governed by one main constitutive document and once the umbrella fund has been authorised, creating additional sub-funds is very straight forward and largely focuses on preparing a supplemental prospectus which outlines the key features of that sub-fund and its share classes.

ETFs

An Exchange Traded Funds (ETF) is an investment vehicle that is structured to enable investors to track a particular index through a single liquid instrument that can be purchased or sold on a stock exchange. An ETF offers the advantages of an investment fund, such as low costs and broad diversification together with characteristics more commonly associated with equities, such as access to real time pricing and trading.

An ETF may be established as a UCITS or an AIF. However, most ETFs in Ireland have been set up under the UCITS regime, thereby benefitting from the high level of acceptance of UCITS by regulators and investors worldwide due to the investment rules, investor protections and risk management safeguards provided under the UCITS framework.

Alternative UCITS / Liquid Alternatives

The Alternative UCITS arena, which utilises sophisticated strategies, is the European counterpart to the US '40 Act open-ended liquid alternative fund and has also experienced significant growth. Ireland's strength in Alternative UCITS combines proven skills in the servicing of alternative strategies with a proven UCITS pedigree.

Read more about Alternative UCITS in Fund Types and Legal Structures on the Irish Funds website.

CHAPTER 3: FUND TYPES AND LEGAL STRUCTURES

Alternative investment funds (AIFs)

The Alternative Investment Fund Managers Directive (AIFMD), implemented in July 2013, has transformed the EU regulatory landscape in the alternatives space. All non UCITS funds, or Alternative investment Funds (AIFs) are covered by AIFMD which has introduced new organisational, operational, transparency and conduct of business requirements on AIFMs and the funds they manage.

Traditionally AIFs are hedge funds or funds with a more complex portfolio of assets. The AIF benefits from many of the same regulatory benefits as a UCITS such as investor confidence, custodial safekeeping and oversight. However as AIFs tend to be aimed at professional investors, the AIF allows for a far wider range of investments, derivatives and strategies.

Ireland was the first jurisdiction to provide a regulated framework for AIFs and remains at the forefront of developments with the implementation of AIFMD. The AIFMD framework is in many ways reflective of pre-existing requirements in Ireland relating to supervisory oversight, an independent depositary, corporate governance, valuations and investor disclosure. The AIFM Directive regulates the AIFM rather than the fund itself.

Further details on AIFs and AIFMD can be found in this guide in Chapter 4: Laws and regulations – regulatory regime.

Qualifying Investor AIF (QIAIF)

The Qualifying Investor AIF is an Irish regulated investment fund operating within the AIFMD framework suitable for well-informed and professional investors. As the QIAIF is not subject to any investment or borrowing restrictions, it can be used for the widest range of investment purposes.

QIAIFs require a minimum initial subscription per investor of €100,000 (or equivalent) with no limit on subscriptions thereafter. QIAIFs are open to professional or well-informed investors who must fall into one of three categories:

1. A professional investor within the meaning of Annex II of the Markets in Financial Instruments Directive (MiFID)
2. An investor who receives an appraisal from an EU credit institution, a MiFID firm or a UCITS management company that they have the appropriate level of expertise
3. An investor who certifies that they are an informed investor by providing written confirmation

Loan origination QIAIF (L-QIAIF)

Ireland was one of the first EU member states to introduce a specific regulatory framework for loan originating investment funds. Recent enhancements to this regime make loan origination funds even more attractive for promoters, managers and, most importantly, investors. The time frame for the authorisation of a L-QIAIF by the Central Bank of Ireland is 24 hours following the filing of the requisite documentation with them.

The L-QIAIF is a structure that meets both the requirements of the direct lender and the institutional alike. For direct lenders, the stricter regulatory capital rules for banks leading to the reduced availability of credit, together with the increasing demand for capital, has created a major market opportunity. For institutional investors, the low interest rate environment is making it difficult for investors to get yield, and this has resulted in an increasing number of institutional investors allocating capital to the private credit asset class. A common requirement for many institutional investors under their investment mandates is that capital may only be allocated to regulated investment funds. The L-QIAIF fulfils this requirement.

CHAPTER 3: FUND TYPES AND LEGAL STRUCTURES

Retail Investor AIF (RIAIF)

The Retail Investor AIF has replaced the previous non-UCITS retail regime in Ireland with a more flexible framework. The updated RIAIF framework allows for the creation of an investment fund which is subject to less investment and eligible asset restrictions than the UCITS regime but is more restrictive than the QIAIF regime. Consequently, the RIAIF could provide an attractive alternative for managers who need to set up a regulated fund but whose investment strategies do not easily fit within the UCITS rules.

As the RIAIF is a retail fund product, it cannot avail of the automatic right to market across Europe under the AIFMD marketing passport, which is only for professional investors. However, access to individual markets may be granted on a case by case basis. Furthermore, with retail investor protection in mind, the Central Bank has stipulated that a RIAIF may only have a fully authorised AIFM. Non-EU managers (that do not have a fully authorised, EU-based AIFM) and sub-threshold AIFMs are therefore prevented from managing a RIAIF.

Comparison between QIAIF and RIAIFs

	QIAIF	RIAIF
Investor Minimum Investement	Professional Investor €100,000	Retail Investor None
Can be sold cross border?	Yes, with AIFM passport	No
Leverage	Cannot exceed 200% of net assets for a Loan Origination AIFs Self-imposed leverage limit at discretion of AIFM for QIAIF	Cannot exceed 25% of net assets
Real estate Investments	No restrictions	Numerous restrictions on valuation reports, price paid, occupancy
Derivative Investment	No restrictions	Numerous restrictions
Securities not traded on a regulated market	No specific limit	Max 20% of net assets
Securities of a single issuer	Max of 50% of net assets in any one unregulated investment fund	Max 20% of net assets, or 35% for an Index tracking RIAIF
Investments in State or Local Authority guaranteed Securities	No restrictions	Max 20% unless prior Central Bank approval is obtained
Cash	No restriction	Max 10% with one institution.Or 30% with certain guaranteed institutions
Investment in other funds	Up to 100% subject to max 50% in any one unregulated fund. If QIAIF is a money market fund then the investee funds must also be money market funds	Max 30% in any one open ended fund, and further restrictions for short term money market funds
Derivatives- OTC counterparty	No restriction	Max 5% of net assets Max 10% if with a relevant institution Numerous collateral and other rules apply

CHAPTER 3: FUND TYPES AND LEGAL STRUCTURES

2. Investor types permitted by Irish authorised funds

The determination of which types of investor are permitted in an Irish authorised fund are driven primarily by the Central Bank of Ireland's regulations. Qualifying Investor AIFs (QIAIF) require that certain types of qualifying investors are eligible to invest in a QIAIF, with a minimum investment of €100,000 or equivalent in different currencies.

The following are the categories of qualifying investor that may invest in a QIAIF:

- an investor who is a professional client under Annex II of MiFID; or
- an investor who receives an appraisal from an EU credit institution, a MiFID firm or a UCITS management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the scheme; or
- an investor who certifies that they are an informed investor by confirming that (a) they have such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment; or (b) that the investor's business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the QIAIF.

There are a number of exceptions provided to this rule, for example, to the QIAIF Management Company or General Partner, a director or employee of the Management Company (subject to certain provisions). These rules are laid out in the Chapter 2 Qualifying Investor AIF requirements, General Rules, of the AIF Rulebook.

Other fund types, such as UCITS, or Retail AIFs may choose to accept investments from non-qualifying or retail investors.

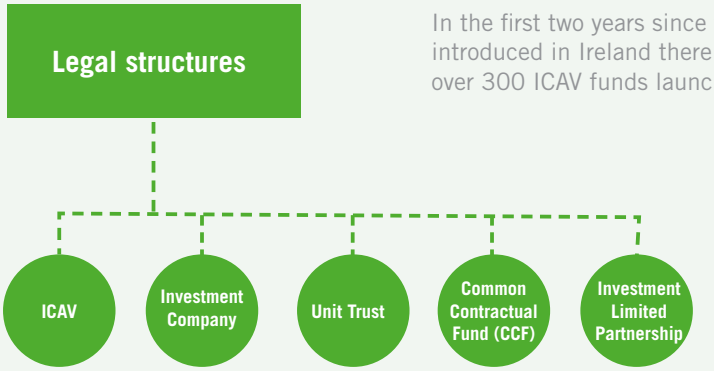
Read more about fund types in Getting Started In Ireland on irishfunds.ie.

3. Legal structures

There are a number of legal structures under which UCITS and AIF fund products may be constituted. The choice of legal structure will depend on the fund manager preference, market or investor requirements and operational considerations. The legal structures available include:

- Irish Collective Asset-management vehicle
- Investment Company
- Unit Trust
- Common Contractual Fund
- Investment Limited Partnership

These legal structures are established under Irish Law and as such are subject to its provisions.



Irish Collective Asset-management Vehicle (ICAV)

The Irish Collective Asset-management Vehicle (ICAV) was introduced in March 2015 in Ireland and since then approximately 70% of all new funds have been set up using this structure[19]. An ICAV can be formed as either a UCITS or an AIF.

The ICAV is an Irish corporate fund vehicle that exists alongside the current fund structures that are available in Ireland. ICAVs are regulated funds and, therefore, have all of the benefits of a regulated structure. The ICAV was introduced to enhance Ireland's competitiveness as a domicile for investment funds by virtue of its attractive legal structure. A benefit of the introduction of the specific ICAV vehicle is that, as a vehicle designed specifically for collective investment, it is anticipated that it should qualify to 'check the box' and be treated as a pass through entity for US tax purposes.

The ICAV is also more tailored to the needs of the global funds industry due to the fact that its founding legislation is bespoke and more suitable to a an investment vehicle rather than general trading companies under the Irish Companies Acts.

In the first two years since the ICAV was introduced in Ireland there have been over 300 ICAV funds launched[20].

[19] CBI ICAV register as of 25 April 2017
[20] CBI ICAV Register as of 25 April 2017

CHAPTER 3: FUND TYPES AND LEGAL STRUCTURES

Investment Company/Variable Capital Company

Companies are registered in Ireland under a series of Acts called the Companies Acts. The shareholders of the company enjoy limited liability. The main aim of funds set up as investment companies is the collective investment of its funds and property with the aim of spreading investment risk. A company is managed for the benefit of its shareholders.

Variable capital companies can repurchase their own shares and their issued share capital must at all times be equal to the net asset value of the underlying assets.

Unit Trust

The Unit Trust is a contractual fund structure constituted by a trust deed between a trustee and a management company (manager) under the Unit Trusts Act, 1990. A Unit Trust is not a separate legal entity and therefore the trustee acts as legal owner of the fund's assets on behalf of the investors. Since the Unit Trust does not have legal personality, it cannot enter into contracts.

A separate management company is always required and managerial responsibility rests with the board of directors of the management company. This separate management company can also be used to manage other UCITS and AIFs. The trust deed is the primary legal document which constitutes the trust and it sets out the various rights and obligations of the trustee, the management company and the unit holders.

Common Contractual Fund (CCF)

A CCF is a contractual arrangement established under a deed, which provides that investors participate as co-owners of the assets of the fund. The ownership interests of investors are represented by 'units', which are issued and redeemed in a manner similar to a unit trust. The CCF is an unincorporated body, it does not have a separate legal personality distinct from its owners and is transparent for Irish legal and tax purposes.

As a result of its transparent nature, investors in a CCF are treated as if they directly own a proportionate share of the underlying investments of the CCF rather than shares or units in an entity which itself owns the underlying investments. A CCF can be established as a UCITS fund (Undertakings for Collective Investment in Transferable Securities) or an AIF (Alternative Investment Fund). Tax transparency is a key feature which differentiates it from other types of Irish funds. Where the CCF's transparency is respected by both the investor domicile and the jurisdiction where assets are held then potentially the investors in the CCF may benefit from lower or indeed zero rates of withholding tax depending on the double tax agreement concluded between the investor and investment locations. Professional tax advice is advisable and should be sought before considering establishment of a CCF for this purpose. The CCF is authorised and regulated by the Central Bank of Ireland.

Investment Limited Partnership (ILP)

An investment limited partnership is a regulated partnership-based structure provided for under the terms of the 1994 Investment Limited Partnership Act.

One or more general partners are appointed under a limited partnership agreement. Investors subscribe to the fund as limited partners and are generally only liable to it to the extent of their investment. Investment limited partnerships are designed to act as regulated vehicles are only available as AIFs and not as UCITS funds. The main advantage to using this vehicle is to achieve tax transparency for investors which may be important when seeding the vehicle with existing investments. This is combined with the fact that it is a regulated collective investment vehicle which can have tax benefits when investing in certain jurisdictions.

Read more about fund legal structures in Getting Started In Ireland on irishfunds.ie.

CHAPTER 4: LAWS AND REGULATIONS – REGULATORY REGIME

Financial services in Europe are governed and regulated predominantly by EU Directives, which set out the legislative framework for the investment funds industry. These interact with national regulatory regimes which have provided the basis for the growth and development of Europe over the last 30 years.

1.EU legislation

UCITS Directive

The original European Directive (law) upon which the UCITS framework was built was developed in 1985 and has been augmented and added to in subsequent years – commonly these updates or revisions are referred to as UCITS III, IV and so on. The first UCITS European directive set out a common set of rules for the cross-border distribution of collective investment schemes via the European Passport.

The UCITS rules are in effect product based regulation and include requirements around allowable investments, liquidity, disclosure, investor protection and as well the technical and practical organisation of such funds. Given the detailed and specific nature of the rules UCITS funds are suitable for broad spectrum distribution to both retail and institutional investors.

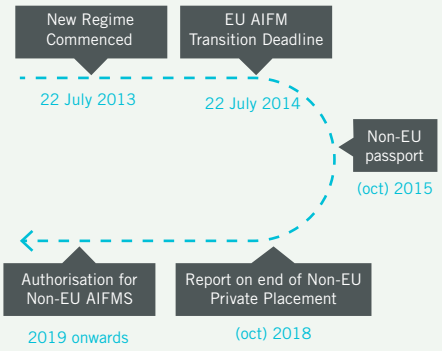
The most recent iteration of the UCITS rules are encompassed in Directive 2014/91/EU (commonly known as UCITS V) on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as regards depositary functions, remuneration policies and sanctions.

Find more detail on UCITS in the Regulation section of centralbank.ie.

Alternative Investment Fund Managers Directive (AIFMD)

AIFMD provides an EU framework for the regulation and oversight of alternative investment fund managers (AIFMs), enabling a passport for alternative investment funds (AIFs) pursuing investment strategies which do not conform to the liquidity, leverage, diversification and other rules attaching to UCITS funds.

Similar to the UCITS Directive for retail funds, the AIFMD enables AIFs authorised in one member state to be sold across the EU under a marketing passport.



AIFM Requirements

Since the implementation of AIFMD on 22 July 2013, EU AIFMs are subject to harmonised requirements relating to:

- Authorisation
- Organisational arrangements
- Conduct of business
- Remuneration
- Conflicts of interest
- Risk management
- Liquidity management
- Delegation
- Appointment of a depositary

AIFMD: Key Provisions:

Delegation of portfolio arrangements - One of the key provisions of the Directive is that the AIFM cannot delegate functions to the extent that it becomes a letterbox entity and while there has so far been limited regulatory guidance to assess what exactly would constitute this, the understanding is that the AIFM must be able to retain a certain level of substance, activity and expertise, particularly in the area of risk management and/or portfolio management, even if certain roles are in practice delegated to third parties. An important area of focus is the need to have appropriate due diligence prior to engaging with the third party and what processes need to be put in place for the ongoing monitoring of the delegate.

Governance and oversight - The Directive has a substantial impact on the governance framework of AIFs and AIFMs as it imposes additional responsibilities on the AIFM itself. Emphasis is placed on having a robust governance and effective risk management culture, in particular in light of the AIFM's accountability for delegation arrangements, responsibility for valuation, necessary flow of information and ownership of key decisions.

Risk management - The risk management activity needs to be functionally and hierarchically segregated from the portfolio management function and must operate independently and with sufficient expertise, authority and resources to ensure all risks in the AIFM and AIFs are appropriately quantified, monitored and managed on an ongoing basis.

Find more detailed information on AIFMD in the Regulation section on centralbank.ie.

CHAPTER 4: LAWS AND REGULATIONS – REGULATORY REGIME

Markets in Financial Instruments Directive MiFID I & II

MiFID is the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded.

Asset managers authorised in the EU to provide investment advice and portfolio management for AIFs and/or UCITS within the definition of a MiFID investment firm will be directly subject to all aspects of MiFID II in relation to these activities.

AIFMs or UCITS managers which solely carry out collective portfolio management are not within the scope of MiFID II itself. However, to the extent that they are also authorised to carry on advisory and portfolio management activities these will be subject to the MiFID II rules, which are now in some places more onerous than the corresponding AIFMD/UCITS regimes

The MiFID II Directive encompasses the rules and guidelines on governance, products, investor protection and information disclosure. In addition, the requirements for third country firms to access the EU market are addressed.

Find more detailed information on MiFID II in the Regulation section on centralbank.ie.

European Securities and Markets Authority (ESMA)

ESMA is an independent EU Authority that contributes to safeguarding the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets. ESMA forms part of the EU supervisory framework and works with national regulators across the EU (like the Central Bank of Ireland) to ensure the consistent application and implementation of European rules.

The Central Bank of Ireland is represented on the ESMA Board.

Find out more about ESMA on their website at esma.europa.eu.

2.Irish legislation

Role of the regulator

A key component of a successful and attractive jurisdiction for the location of financial services activities is a strong and independent regulator, with international credibility. The Central Bank of Ireland (CBI) is committed to delivering high quality, effective financial regulation and supervision to achieve its mandate of safeguarding financial stability and protecting consumers.

The CBI has a strong commitment to transparency and clarity in respect of its authorisation process, ensuring that all applicants have a very clear idea as to what is expected. The CBI strongly encourages all applicants to engage with them early in the application process, including initial pre-application meetings which very often will bring significant clarity of requirements to applicants.

Find more detailed information on the authorisation process in the Regulation section on centralbank.ie.

CHAPTER 5: APPLYING FOR APPROVAL FROM THE REGULATOR

The Central Bank of Ireland (CBI) is responsible for the authorisation and supervision of all collective investment schemes (i.e. both UCITS and AIFs). The authorisation process varies depending on the fund type you have selected.

1.For both UCITS and AIFs

For all Irish domiciled funds the following service providers must be approved in advance of fund approval:

- An Irish based depository
- An Irish based administrator
- An Irish regulated external auditor
- A management company (Unit Trust and CCF)
- UCITS Manco / AIFM

2.UCITS authorisation

The CBI is designated in the Regulations as the competent authority with responsibility for the authorisation and supervision of UCITS. The authorisation process for UCITS has two elements:

1. The approval of service providers as noted above for both UCITS and AIFs.
2. The approval of UCITS documentation - applications to the CBI must include the prospectus; instrument of incorporation, agreements with service providers, business plans, the risk management process and the fund's Key Investor Information Document (KIID).

Submission of UCITS authorisation documentation to the Central Bank of Ireland

The application to the CBI is made online and will involve submitting several third party service agreements. The following documentation, inter alia, is required to be submitted.

- the name of UCITS;
- a statement of the general nature of the investment objectives of the UCITS and evidence of incorporation;
- the prospectus;
- full information on the UCITS management company;
- the full name and address of the proposed depositary and the depositary agreement
- the business plan and risk management process
- information is also required on the proposed investment adviser, auditor, any third party which has been contracted by the UCITS, or management company acting for the UCITS;
- the requisite CBI application forms;
- additional information may also be required by the CBI in the course of determining individual applications.

Note, references above to "information on management company/administrator third party" etc. in effect means that the UCITS must submit the original signed agreement with these parties to the CBI. UCITS directors are subject to the CBI fitness and probity checks and must submit the associated questionnaire via the CBI online reporting tool. Once authorised by the CBI a scanned letter of authorisation will be issued by email.

The time frame for approval of a UCITS fund from confirmation of receipt of complete applications by the CBI is 8 – 10 weeks.

Authorisation process for UCITS management companies

All applicants seeking to provide services to collective investment schemes are requested to contact the CBI in advance of making a formal application.

It is normal practice for the CBI to engage with new applicants to discuss their proposed business prior to beginning the authorisation process.

This serves a dual purpose by enabling the BCI to familiarise itself with the background and business credentials of the applicant whilst identifying, at a critical early stage, any potential issues with the proposed business.

Find more detailed information on the authorisation process for UCITS management companies in the Regulation section on centralbank.ie.

3.AIFs

Fund Approval Overview

Approval of key parties

Setting up an Irish regulated AIF firstly involves identification of the key parties to the fund, who must be approved by the CBI. The AIFM, directors, investment manager/advisor, fund administrator, depositary and auditor must all be pre-cleared by the CBI. The service providers located in Ireland will generally have already been authorised/approved by the CBI, meaning that the focus will be on approving any managers or delegates located outside of Ireland who have not previously been approved.

CHAPTER 5: APPLYING FOR APPROVAL FROM THE REGULATOR

Fund application
A detailed application form must be submitted to the Central Bank, filed together with the prospectus, the constitutional documents of the fund and the material contracts with the various parties to the fund, e.g. Depositary Agreement, Administration Agreement etc.
Fund approval timeframes

The QIAIF is authorised in 24 hours, provided a completed application is received before 3pm on the day of filing. In order to avail of the 24 hour turnaround, the parties to the fund must be pre-approved and the fund must certify that it complies with the QIAIF requirements.

Company incorporation
Corporate fund vehicles and management companies will need to register with the Companies Registration Office (CRO). A meeting of the board will be convened to formally review and approve the draft documentation, incorporate the company and appoint the service providers. The Company Secretary will then be able to make the necessary filing with the CRO.

AIFM authorisation process

The authorisation process for an AIFM centres on the requirement to submit a "programme of activity" (POA) to the CBI. This is essentially a governance document or a regulatory compliance plan, setting out the AIFM organisational structure, its daily operational plan and how it intends to comply with the CBI's requirements.

The POA will pertain to certain key managerial functions, including in particular portfolio management and risk management as well as governance and valuation procedures. The POA will also detail the AIFM policies relating to remuneration, delegation of tasks to third parties, conflicts of interest policy and anti-money laundering policy.

Submission of documentation to the CBI for AIFM authorisation

The following documentation is required to be submitted to the CBI.
(a) a completed application form signed by two directors of the applicant AIFM;
(b) completed individual questionnaires (IQ) in respect of;

- each director and senior manager;
- each individual who has a direct or indirect holding of shares or other interest in the proposed AIFM, which represents 10% or more of the capital or voting rights in the AIFM;
- any other individual who is in a position to exercise a significant influence over the management of the AIFM.

(c) a programme of activity setting out the organisational structure of the AIFM, including information on how the AIFM intends to comply with its obligations under the provisions of the AIFMD Regulations which implement Chapters II, III, IV (and where applicable) Chapters V, VI, VII and VIII of the AIFMD;
(d) information on the remuneration policies and practices pursuant to Regulation 14 of the AIFMD Regulations;
(e) information on arrangements made for the delegation and sub-delegation to third parties of functions as referred to in Regulation 21 of the AIFMD Regulations;
(f) information on the AIFs it intends to manage as specified in Regulation 8(3) of the AIFMD Regulations;
(g) the statement of responsibility referenced in paragraph 4 of section iii (Organisational requirements) of the AIFM chapter, if applicable.

Authorisation process for a MiFID firm

Ireland is home to a significant number of investment firms authorised under the regulatory framework set out in the Markets in Financial Instruments Directive ("MiFID"). The Central Bank of Ireland (CBI) is responsible for the authorisation, prudential regulation and supervision of MiFID firms authorised in Ireland.

The authorisation process is divided into four different levels.

1. **Key Facts Document**
   All applicants must submit a Key Facts Document ("KFD") which will outline key information about the company. It is important to take time to draft this KFD clearly in order to minimise the level of CBI queries insofar as possible.

2. **Preliminary meeting**
   A preliminary meeting can be arranged with the CBI in advance of any application being made, the objective of which is for the CBI to get comfortable with the application in principle. The KFD will form the basis of this meeting. Unless significant issues are identified the CBI will confirm that the company can proceed to submit its application for authorisation.

CHAPTER 5: APPLYING FOR APPROVAL FROM THE REGULATOR

3. **Application form**
   The next step is to submit a complete application form. A decision should take no more than 120 days from when the complete application is submitted and accepted by the CBI.

4. **Evaluation**
   A decision will be made on an application within 120 days of its receipt. Where an application is returned for any reason and the company wishes to proceed with the application, they will have to submit a new application.

An entity, including a Third Country Firm that intends to acquire an existing Irish investment firm will have to notify the CBI by completing an Acquiring Transaction Notification Form. The approval process takes approximately sixty days, although this period may be extended if additional information or clarification is sought from the applicant.

Find more detailed information on the authorisation process in the Regulation section on centralbank.ie.

CHAPTER 6: FUND OPERATIONS AND GOVERNANCE

1.Fund service providers

The following service providers are required when setting up a fund in Ireland:

- An Irish based depository
- An Irish regulated external auditor
- An Irish based administrator (central administration)
- A management company (for a Unit Trust and CCF)
- A UCITS Manco / AIFM
- Investment manager
- Distributor
- Legal advisor
- Company secretary/registered office
- Money Laundering Reporting Officer (MLRO)
- Listing agent (if applicable)

Core responsibilities of fund administrators

An Irish administrator must be appointed to provide administration services to Irish funds. The administrator is responsible for the following:

- Calculation of net asset value and dealing price, including pricing of the underlying securities;
- Maintenance and updating of accounting records;
- Preparation of annual and semi-annual financial statements;
- Reconciliation of investment and cash positions with custody records;
- Maintenance and servicing of investor register; and
- Correspondence with investors, including maintenance and issue of subscription and redemption documentation.

The administration of collective investment schemes (whether Irish or non-Irish) is a regulated activity under the Investment Intermediaries Act 1995 (as amended), and any firm carrying out fund administration activities in Ireland must be authorised by the CBI under that Act. The CBI has specific requirements with regard to the outsourcing of administrative activities.

Core responsibilities of the investment manager

The function of the investment manager is to take the day-to-day investment decisions in relation to the fund and trade the assets of the fund in line with the fund's investment objectives and policies.

Before the CBI considers an application for authorisation of a fund, it must be satisfied with the investment manager of the proposed fund. The CBI does not require that the investment manager be located in Ireland. In cases where the investment manager is located in Ireland, it would require an authorisation under MiFID (see Chapter 4 for more information on MiFID).

Core responsibilities of depositaries

The depositary for a UCITS fund must be:

- A national central bank;
- A credit institution; or
- A legal entity authorised by its national competent authority to carry on depositary activities under the UCITS Directive, subject to the fulfilment of certain capital, prudential and organisational requirements.

No company may act as both a management company and depositary or investment company and depositary.

The depositary for an EU AIF must be:

- An EU credit institution or
- A UCITS depositary or
- A MiFID investment entity authorised to provide custodial services and which fulfils additional capital requirements.

The depositary is required to be established in the same EU Member state as the AIF or UCITS. Additionally the depositary's appointment contract must detail its services in terms of safekeeping, oversight, segregation and information exchange. This contract, like all third party agreements, is submitted as part of the CBI authorisation process.

AIFM and UCITS Management Companies (ManCos)

An Irish Manco can obtain authorisation as (i) a UCITS management company; or (ii) an AIFM; or (iii) a dual authorisation as a Super Manco i.e. both UCITS management company and AIFM. The Manco can also extend its licence to perform MiFID individual portfolio management functions. All of the above authorisations can be passported throughout the EEA on either a freedom of services or branch basis.

CHAPTER 6: FUND OPERATIONS AND GOVERNANCE

What are the differences between what an AIFM can do and a UCITS ManCo can do?

AIFM	UCITS
(i) Managing AIFs Defined as performing at least the following investment management functions for one or more AIFs: - Portfolio management - Risk management **(ii) Additional Annex I Functions** May also perform the below as long as in the course of its collective management of an AIF: a) Administration - legal and fund management accounting services; - customer inquiries - valuation and pricing, including tax returns; - regulatory compliance monitoring; - maintenance of unit/shareholder register; - distribution of income; - unit/shares issues and redemptions; - contract settlements, including certificate dispatch; - record keeping b) Marketing c) Activities related to the assets of AIFs **(iii) Other Services** Assuming an extended authorisation is granted, an AIFM can also: -act as a UCITS management company, -provide individual portfolio management in accordance with mandates given by investors on a discretionary client-by-client basis, -provide "non-core" services of investment advice; safe-keeping and administration in relation to units of collective investment undertakings; or reception and transmission of orders in relation to financial instruments. **In each case, the AIFM would need to be authorised for these additional activities either under AIFMD or under the UCITS Directive.* **(iv) Marketing** The activity of "marketing" is defined as "a direct or indirect offering or placement at the initiative of the AIFM or on behalf of the AIFM of units or shares in an AIF it manages to or with investors domiciled or with a registered office in the [European] Union". *Also covers activities of others such as intermediaries or placement agents acting "on behalf of the AIFM".	**(i) Collective Portfolio Management** Defined as the management of unit trusts/common funds and of investment companies. This includes: - Investment management; - Administration; and - Marketing. **(ii) Individual Portfolio Management** Defined as the management of portfolios of investments, including those owned by pension funds, in accordance with mandates given by investors on a discretionary client-byclient basis, where such portfolios include one or more of the instruments listed in Section C of the Annex to the MiFID. **(iii) Non-Core Services** - investment advice concerning one or more of the instruments listed in Annex I, Section C to MiFID; and - safekeeping and administration in relation to units of collective investment undertakings. **A UCITS ManCo may not be authorised solely to provide Individual Portfolio Management services and Non-Core Services. Furthermore, a UCITS ManCo may only be authorised to provide the non-core services where it is authorised for Individual Portfolio Management services.*

CHAPTER 6: FUND OPERATIONS AND GOVERNANCE

Distributor
The Distributor is responsible for establishing the distribution strategy of the fund and selling/marketing the fund to investors.

Board of directors
The board of directors monitor the performance of the duties and responsibilities delegated to the various service providers. Depending on the regulatory classification of the fund and the nature of the fund itself, directors may be allocated responsibilities for monitoring the performance of certain tasks between quarterly board meetings and escalating to the wider board, if necessary.

The regulatory authorities in Ireland have put a particular focus on directors' functions being more substantive in terms of active governance and evidential oversight. The Corporate Governance Code for Collective Investment Schemes and Management Companies recommends:

- At least three directors
- Majority of non-executive directors
- At least one independent director

Directors must be pre-approved by the CBI and are subject to CBI's Fitness and Probity Regime.

A management company with a Low PRISM (the CBI's risk rating) rating will require at least:

(i) 2 directors resident in the Ireland,
(ii) half of its directors resident in the EEA, and
(iii) half of its managerial functions performed by at least 2 designated persons resident in the EEA.

Whereas an investment or management company with a PRISM impact rating of Medium Low or above shall have at least:

(i) 3 directors resident in the Ireland or, at least, 2 directors resident in Ireland and one designated person resident in Ireland,
(ii) half of its directors resident in the EEA, and
(iii) half of its managerial functions performed by at least 2 designated persons resident in the EEA.

Fund documentation
There are a number of documents that must be submitted to the regulator, The Central Bank of Ireland.
You can read more about these in **Appendix 1** at the end of this document.

2. Irish fund governance requirements

Corporate governance requirements
All Irish investment funds are subject to the Corporate Governance Code for Collective Investment Schemes and Management Companies.

In December 2016, the Central Bank of Ireland (CBI) published the final guidance paper on Fund Management Company Effectiveness. The guidance covers the following areas:

- Delegate oversight
- Organisational effectiveness
- Directors time commitments
- Managerial functions
- Operational issues
- Procedural matters

The CBI requires fund management and investment companies to identify an individual (a "designated person") who is responsible for monitoring and overseeing the six managerial functions (regulatory compliance, fund risk management, operational risk management, capital and financial management, distribution and investment management).

Supervisory requirements

UCITS

- Each subfund or an umbrella fund must be authorised by the Central Bank of Ireland (CBI).
- The prospectus for each fund must be submitted along with details of agreements with the administrator, depositary and any other third party involved.
- The CBI must also be notified in advance of any significant amendment to the prospectus or Key Investor Information Document (KIID) and if the changes are considered "material" then investors must be notified before these changes come into effect.

AIF

- The AIF must appoint an Alternative Investment Fund Manager (AIFM).
- The AIFM is subject to certain requirements and must have been pre-approved by the CBI before it is appointed by the AIF.
- The AIF must also inform the CBI of all other third party service providers such as the management company, depositary, administrator etc.

CHAPTER 6: FUND OPERATIONS AND GOVERNANCE

Reporting requirements

UCITS

A UCITS must publish annual audited financial statements within four months of the year end and an interim report within two months of the period end.

On a monthly basis UCITS must submit an online report to the Statistics Division of the CBI. This report must detail, amongst other things, the fund currency, gross assets at month end, net assets at month end, number of units in circulation, NAV per unit, subscriptions, redemptions and repurchase payments during the month, profit and loss for the month, management fees and other expenses.

Each quarter, within ten days of the end of that quarter, all UCITS must submit a Money Market and Investment Fund (MMIF) return to the CBI. These ongoing reporting requirements are usually carried out by the administrator.

AIFs

An AIF must publish annual audited financial statements within six months of the year end. An AIF, which is structured as a Unit Trust or CCF must publish an interim report within two months of the period end.

On a monthly basis the AIF must submit an online report to the Statistics Division of the CBI. This report must detail, amongst other things, the fund currency, gross assets at month end, net assets at month end, number of units in circulation, NAV per unit, subscriptions, redemptions and repurchase payments during the month, profit and loss for the month, management fees and other expenses.

Within ten days of the end of each quarter, the AIF is required to submit a survey of collective investment undertaking return to the CBI. On an annual basis it must submit a Survey of Liabilities. These ongoing reporting requirements are usually carried out by the administrator.

Below we summarise some of the key requirements associated with both UCITS and AIFs.

Reporting requirements overview – UCITS and AIFs

Return	Applicable Funds	Frequency	Deadline	Method of Filing
Annual audited financial statements	UCITS/AIF	Annual	UCITS – within 4 months of year end AIF – within 6 months of year end	Online Reporting System
Interim financial statements	UCITS/AIF (unit trusts & CCFs only)	Annual	Within 2 months of period end	Online Reporting System
Annual subfund profile return	UCITS/AIF	Annual	By 30 June each year	Online Reporting System
Annual KIID update	UCITS	Annual	Within 35 business days of end of each calendar year	Online Reporting System
Annual Financial Derivative Instrument (FDI) return	UCITS	Annual	Within 4 months of year end	Online Reporting System
Money-Market and Investment Fund (MMIF) return	UCITS/AIF	Quarterly	10th business day of month following quarter	Online Reporting System
NAV return	UCITS/AIF	Monthly	10th business day of month following month	Online Reporting System

CHAPTER 6: FUND OPERATIONS AND GOVERNANCE

Reporting requirements for a management company

UCITS management companies
Annual Returns
Annual audited accounts of UCITS Management Company must be submitted to the Central Bank within four months of the relevant reporting period end. The accounts must be accompanied by the Minimum Capital Requirement Report, which forms part of the UCITS Notices.

Half-Yearly/Quarterly/Monthly Returns
UCITS Management Companies are required to submit certain financial information to the Central Bank. This includes financial statements such as a Balance Sheet and Profit & Loss account and the Minimum Capital Requirement Report, which forms part of the UCITS Notices. The appropriate reporting interval is advised to a UCITS Management Company on an individual basis.

AIF management companies
Annual Returns
Annual audited accounts of AIF Management Companies must be submitted to the Central Bank within four months of the relevant reporting period. The accounts must be accompanied by the Minimum Capital Requirement Report, which forms part of the AIF Rulebook.

Half-Yearly / Quarterly / Monthly Returns
AIF Management Companies are required to submit certain financial information to the Central Bank. This includes financial statements such as a Balance Sheet and Profit & Loss account and the Minimum Capital Requirement Report which forms part of the AIF Rulebook.
The appropriate reporting interval is advised to an AIF Management Company on an individual basis.

Capital requirements

UCITS
A UCITS management company must have initial capital equivalent to the higher of:

1. €125,000 plus, if applicable, an additional amount of 0.02% of the amount by which net assets exceed €250 million.

Or

2. One quarter of its total expenditure in its most recent annual accounts.

AIFMs
An AIFM must have initial capital equivalent to the larger of:

1. € 125,000 plus, if applicable, an additional amount of 0.02% of the amount by which net assets exceed € 250 million.

Or

2. One quarter of its total expenditure in its most recent annual accounts.

The minimum capital requirement is subject to an upper limit of €10 million.

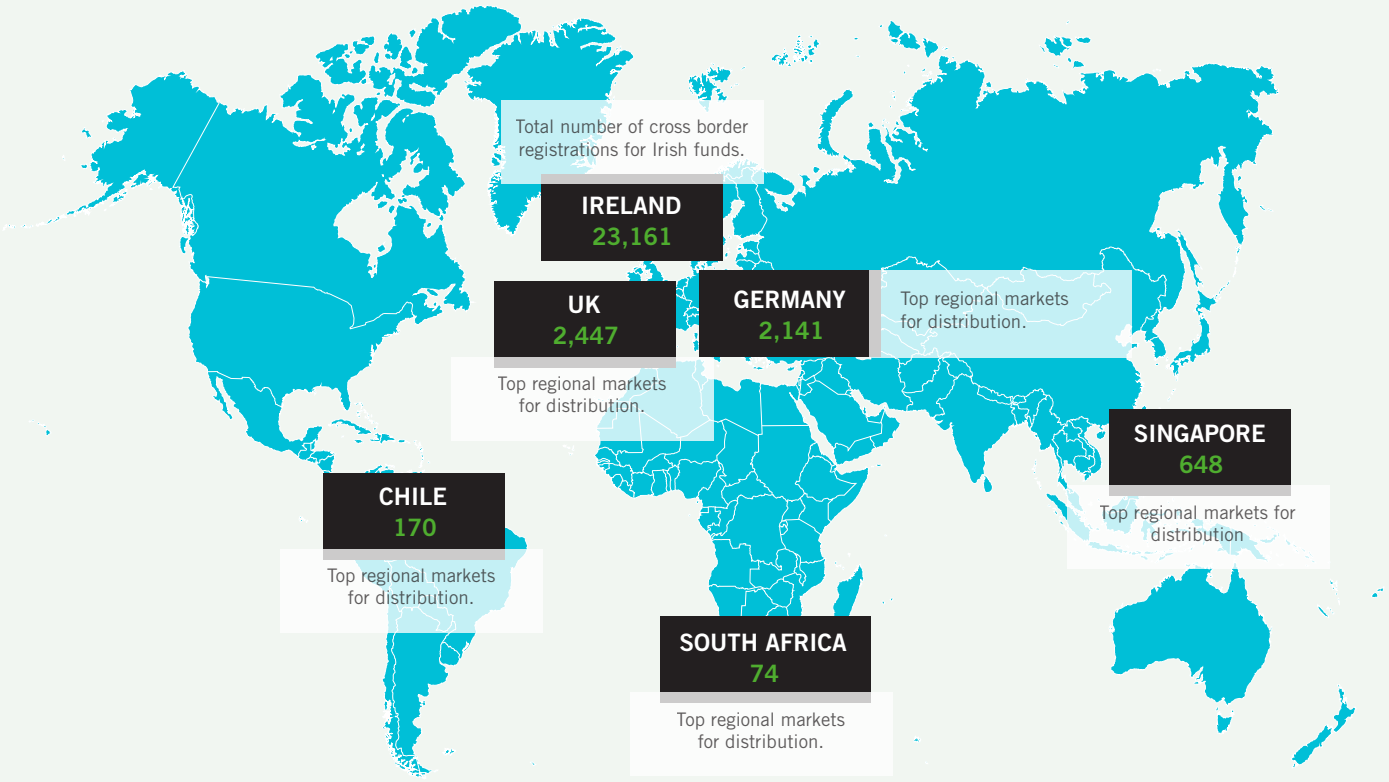
CHAPTER 7: DISTRIBUTION: USING IRISH DOMICILED FUNDS AS A BRIDGE TO THE GLOBAL MARKET

The primary objective in developing a cross-border business is to ensure that your firm's specific investment capabilities can be delivered to a range of potential investors in multiple markets. Irish domiciled funds, operating under recognised product configurations like UCITS are readily accepted in a wide range of markets around the world.

1.Where are Irish funds sold?

Ireland is a major hub for distribution with international recognition. Irish funds are sold to 70 countries in the Americas, Asia and the Pacific, the Middle East and Africa.

Total number of cross border registrations for Irish funds



CHAPTER 7: DISTRIBUTION: USING IRISH DOMICILED FUNDS AS A BRIDGE TO THE GLOBAL MARKET

2. Distributing Irish funds in Europe

UCITS marketing passport

UCITS which are authorised in any EU member state can avail of a marketing passport whereby the UCITS may be distributed in other EU states subject to a relatively simple notification procedure. This notification is submitted to the home member state regulator who will review it and forward it to the destination member state regulator.

The process of notification requires that if the fund is going to be marketed in a host EU member state for the first time (either the umbrella, a sub-fund within that umbrella not previously notified or a single fund), a notification letter, together with all required attachments, must be submitted to the home state regulator of the UCITS. Next the UCITS fund's home state regulator will review the submitted notification file and verify whether the documentation submitted by the UCITS or its delegated representative is complete before it is transmitted to the host state regulator.

The home state regulator has 10 working days from the receipt of the notification file to notify the host state regulator. Upon the transmission of the documentation, the competent authorities of the UCITS home state shall immediately notify the UCITS. The UCITS may then access the host state market in question as from the date of that notification. The host state regulator has at most 5 working days to confirm to the home state regulator that the notification file has been received and the documents are printable and readable.

AIF marketing and management passport

Any asset managers wishing to market and distribute alternative investment funds ("AIFs") in Europe will now have to carefully consider the implications of the AIFMD on how they can approach the distribution of their funds in Europe.

Marketing under the AIFMD covers any "direct or indirect offering or placement at the initiative of the AIFM or on behalf of the AIFM of units or shares in an AIF it manages to or with investors domiciled in the EU". The marketing provisions of the directive do not apply to passive marketing; however, passive marketing is not well defined in the AIFMD.

When discussing the various distribution options available under the AIFMD the three terms that are frequently used are:

i. Passporting
ii. National Private Placement Regimes ("NPPR") or Private Placement;
iii. Reverse solicitation

How does the AIFMD passport work?

The passporting procedure under AIFMD is similar to that which exists for UCITS funds in the EU. Once an AIFM is authorised in one EU member state, the passport permits the AIFM to market units or shares of any EU AIF that it manages to professional investors in the home member state of the AIFM as well as any of the other 27 EU member states.

For passporting purposes, a professional investor must meet the definition of professional investor set out in the Markets in Financial Instruments Directive (MiFID). According to MiFID, a professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must comply with criteria outlined in Annex II of the MiFID Directive.

National Private Placement Regimes (NPPRs)

National Private Placement Regimes principally relates to the marketing of non-EEA AIFs and AIFs managed by non-EEA AIFMs. As AIFMD has been implemented in each EU member state there have invariably been differences in approach to certain areas.

The fund registration process therefore varies from country to country and must be considered on an individual basis when making applications to ensure that all the requirements of each member state are met.

Reverse solicitation

Reverse solicitation or passive marketing which is marketing which is not at the direct or indirect initiative of the Non-EU fund manager is still permitted under the AIFMD i.e., if an investor approaches the manager about investing in a fund without prior solicitation, then on that basis the manager would not need to comply with the AIFMD as such marketing would not be at the initiative of the manager.

There is no firm guidance as to what constitutes reverse solicitation and a manager intending to rely on reverse solicitation will need to ensure that procedures and policies are put in place to clearly demonstrate that a particular EU investor invested in the fund on this basis. It will also need to ensure that follow up communications with such an investor do not inadvertently result in active marketing, for example, of another fund.

CHAPTER 7: DISTRIBUTION: USING IRISH DOMICILED FUNDS AS A BRIDGE TO THE GLOBAL MARKET

If a manager is unwilling to rely on reverse solicitation, then the only alternative at present for such managers is to market in accordance with existing private placement regimes.

Key European fund distribution channels
The table below outlines the main distribution channels in the key fund distribution countries in Europe. Banks are the largest channel by far. It remains to be seen whether this route to investors will be replaced by other channels.

Key European Fund Distribution Channels

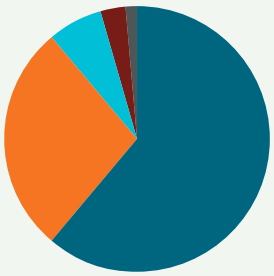
	BANKS PRIVATE & RETAIL	INSURANCE / WRAPPERS	FUND OF FUNDS (FOFs)	IFA / PLATFORMS DISTRIBUTION CO's	OTHER FINANCIAL INSTITUTIONS i.e. PENSIONS
Austria	✓	✓	✓	✓	✓
Belgium	✓	✓			
Denmark	✓			✓	✓
Finland	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓
Gibraltar	✓	✓	✓	✓	✓
Guernsey	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓
Isle of Man	✓	✓	✓	✓	✓
Jersey	✓	✓	✓	✓	✓
Italy	✓	✓	✓		
Luxembourg	✓	✓	✓	✓	✓
Malta	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓
Portugal	✓				✓
Spain	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓

CHAPTER 7: DISTRIBUTION: USING IRISH DOMICILED FUNDS AS A BRIDGE TO THE GLOBAL MARKET

3. Distributing Irish funds globally

Irish funds are sold to 70 countries in the Americas, Asia and the Pacific, the Middle East and Africa.
Wherever your fund is domiciled, it can be serviced out of Ireland – 30 languages and 28 currencies are fully supported.

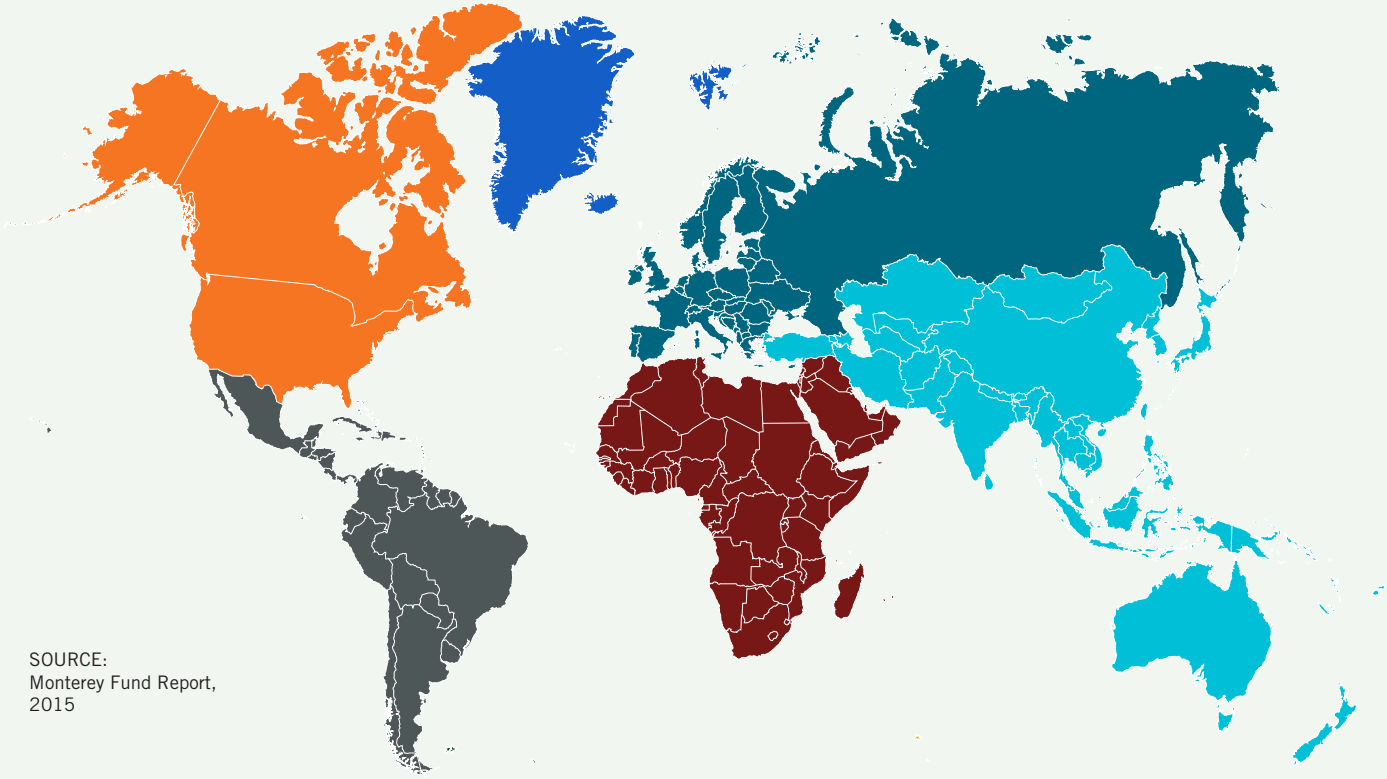
Fund Distribution - Number of Promoters of Irish Domiciled Funds by Geographic Spread



NO. OF PROMOTERS BY REGION

- 284 Europe
- 128 North America
- 31 Asia Pacific
- 14 Middle East & Africa
- 6 Latin America

Grand total **463**



SOURCE:
Monterey Fund Report, 2015

Find out more at irishfunds.ie/distribution.

CHAPTER 7: DISTRIBUTION: USING IRISH DOMICILED FUNDS AS A BRIDGE TO THE GLOBAL MARKET

4. Listing a fund on the Irish Stock Exchange (ISE)

The Irish Stock Exchange (ISE) is recognised worldwide as the leading centre for listing investment funds with over 7,000 fund share classes listed. Investment managers from over 40 global locations list their funds on the ISE to:

- Meet investor requirements
- Increase visibility and enhance transparency
- Publish NAVs and announcements
- Increase tax efficiency
- Benefit from third party oversight
- Feature in an investor information portal - ISE FundHub
- Access ETF trading

The fund must publish listing particulars, approved in advance by the ISE, which include all the information which is relevant and necessary to allow a potential investor to make an informed assessment of the fund. The same document can be used for regulatory approval and listing approval. Review times are carried out within 2 business days.

The ISE published a revised version of its Code of Listing Requirements and Procedures to bring its requirements into line with AIFMD and provide for a greater reliance on existing regulation. Consequently, investment managers that are approved to act under the AIFMD regime will be automatically suitable to act for listed funds.

Find out more in the Getting Started in Ireland section on irishfunds.ie.

CHAPTER 8 – TAXATION OF IRISH FUNDS

For more than a quarter of a century, Ireland has been a leading regulated domicile for internationally distributed investment funds. The Irish tax regime has been, and continues to be, one of the key growth drivers of the funds industry in Ireland as it offers a clear and certain tax environment for investment funds and is fully compliant with OECD guidelines and EU law. The Irish framework is legislation-based and does not rely on rulings.

1.Tax treaty network

Ireland has an extensive and growing network of double taxation treaties with over seventy countries, providing access to favourable rates of witholding tax between treaty partners. Ireland is a signatory to the FATCA Inter Governmental Agreement Model 1 with the US and was in fact the first country to sign the agreement.

The availability of treaty benefits in a particular case will ultimately depend on the provisions contained in the relevant tax treaty between Ireland and the treaty partner jurisdiction. Consequently, access to double tax treaties and their potential benefits should be reviewed on a case-by-case basis.

2.FATCA (Foreign Account Tax Compliance Act)

The regime came into effect on 1 July 2014 and reporting is required in respect of relevant financial accounts from that date. Ireland has signed a Model 1 InterGovernmental Agreement ("IGA") with the US. Financial Institutions in Ireland are required to register with the Internal Revenue Service to obtain a Global Intermediary Identification Number but are governed by Irish regulations and guidance notes and report to the Irish government, who will then share the information with the IRS. Financial Institutions are required to report annually to Irish Revenue by 30 June with respect to the proceeding calendar year.

3.Common Reporting Standard (CRS)

CRS came into operation in Ireland on 1 January 2016 and reporting is required in respect of relevant financial accounts from that date. CRS imposes obligations on Irish Financial Institutions to review and collect information in an effort to identify an account holder's tax residence in a CRS participating country and then in turn, to provide certain specified account information to Irish Revenue on an annual basis. Financial Institutions are required to report annually to Irish Revenue by 30 June with respect to the preceding year.

4.Tax implications for funds

The normal tax treatment afforded to Irish collective investment funds allows funds invested to grow on a tax-free basis within the fund. The income is taxed at the level of the investor rather than the fund.

In order to ensure that the appropriate tax is collected from Irish investors, funds are obliged to operate an exit tax regime and remit the tax deducted in this manner to Revenue. This charge to tax does not apply in the case of unit holders who are non-resident. In the case of non-resident investors, their liability to tax on gains on investment in the fund will typically be determined in their home jurisdiction.

The rules in relation to Irish Property funds however are more complex and in particular where a fund is determined to be an Irish Real Estate Fund (IREF). IREFs are investment undertakings (excluding UCITS) where 25% of the value of that undertaking is made up of Irish real estate assets.

IREFs must deduct a 20% withholding tax on certain property distributions to non-resident investors. The withholding tax will not apply to certain categories of investors such as pension funds, life assurance companies and other collective investment undertakings.

As mentioned previously an Irish fund may be structured as a tax transparent vehicle resulting in the retention of the tax benefits (e.g. reduced withholding taxes) enjoyed by investors through direct ownership. Tax transparency applies to an Irish Fund structure Common Contractual Fund however professional advice should be sought in relation to each relevant target investor and investment market to ensure that the principle of transparency is retained.

5.Tax implications for investors

No Irish withholding taxes apply on income distributions and redemption payments made by an Irish fund to non-Irish resident investors, provided that no IREF assets are held by the fund. Investors in Irish funds are subject to the taxing provisions and codes of their home jurisdiction in relation to income or capital gains derived from their investment in an Irish fund.

6.Value Added Tax (VAT)

As provided under EU law, the provision of management, administration and custody services to an Irish regulated fund is exempt from Irish VAT. Other services, such as legal and accounting services, can result in an Irish VAT liability, but may be offset, depending on the fund's VAT recovery position

Find out more about taxation in the Getting Started in Ireland section on irishfunds.ie.

[21]See appendix 2 for the full list

CHAPTER 9 – SETTING UP A BUSINESS IN IRELAND

For managers who are interested in setting up a MiFID entity in Ireland, there are a number of support services available. Below is some of the key information surrounding employment permits and visas, however you can contact IDA Ireland (idaireland.com) for more extensive and tailored guidance.

1.Employment permits

In order to work in Ireland a non-EEA National, unless they are exempted, must hold a valid Employment Permit. The Department's Employment Permits Section administers the Employment Permits system.

There are a number of permit types, including:

- Critical Skills Employment Permit
- Intra-Company Transfer Employment Permit
- Exchange Agreement Employment Permit
- Dependant/Partner/Spouse Employment Permit
- Contract for Services Employment Permit
- Sport & Cultural Employment Permit
- General Employment Permit
- Reactivation Employment Permit
- Internship Employment Permit

The most relevant type of visa is likely to be the Critical Skills Employment Permit. Eligible occupations under this type of permit are deemed to be critically important to growing Ireland's economy, are highly demanded and highly skilled, and in significant shortage of supply in our labour market.

The Department for Jobs, Enterprise and Innovation are responsible for issuing employment permits.

Find out more in the Employment Permit section of djei.ie.

2.Visas

Chinese nationals must apply for a visa before setting up operations or working in Ireland. Immigration and other relevant regulations and policies are constantly changing. Companies which plan to set up financial services in Ireland should consult in advance to obtain the relevant information.There are different visas required depending on the purpose and the length of stay – less than three months, more than three months, or in transit.

The Irish Naturalisation and Immigration Service are responsible for processing visas.

Find out more about visas at inis.gov.ie.

You can also find information about visas on the Embassy of Ireland in China website: dfa.ie/zh/aierlandashiguan/zhong-guo/qian-zheng/

CHAPTER 10: RELEVANT GOVERNMENT DEPARTMENTS, AGENCIES AND OTHER BODIES

The Irish Government and its team in China are continuing to work hard in order to grow two-way, mutually beneficial Ireland/China ties in the coming years. September 2016 to January 2017 alone saw five major Trade & Investment Missions to China led by Irish Ministers. The past year or so meanwhile has seen some twenty-two high-level missions from China into Ireland. The Government have essentially doubled the staffing at Embassy, Beijing and have strengthened the Consulate General in Shanghai. The Consulate General in Hong Kong, established in 2014, is operating strongly and effectively. There are also a number of associations and bodies that work alongside Government to help develop and support the Ireland-China relationship.

1. Department of Finance

In addition to its other responsibilities (for the public finances, assessing and advising on economic and fiscal developments, developing tax policy and representing Ireland's interests across on a range of EU and international bodies) the Department of Finance ensures that Ireland has a well-regulated and stable financial sector and works to continue the development of Ireland as a centre for International Financial Services.

The continued successful development of the IFS Sector in Ireland is a priority for the Irish Government. The appointment of a dedicated Minister of State with responsibility for financial services is a clear signal of this Government's commitment to the IFS industry. The Government launched a new strategy for the IFS sector in 2015, IFS2020, which aims to continue to grow direct employment in the dedicated IFS sector from 40,000 (as of December 2016) to 45,000 by 2020[22]. IFS2020 is a five year, whole-of-Government strategy underpinned by annual action plans and quarterly reviews, supported by both industry and the public sector to drive the growth and development of the IFS sector in Ireland. The IFS 2020 strategy's dynamic and evolving structures provide the toolkit to drive growth and development in the IFS sector in Ireland and to react to domestic and international challenges and opportunities arising over the next 12 months and beyond.

The actions in the IFS2020 strategy seek to:

- Promote Ireland as a location for IFS,
- Drive continuous improvement in the IFS operating environment and competitiveness,
- Drive research, innovation & entrepreneurship in the IFS sector; and
- Develop job-creation opportunities from emerging IFS sub-sectors and markets.

As part of the new strategy, the Government created a brand for Ireland's IFS sector, IFS Ireland. The IFS Ireland brand was launched at Ministerial level in Beijing, Shanghai and Hong Kong.

As part of the IFS2020 strategy, the Irish Government, through IDA Ireland, annually host the European Financial Forum. The Forum is fast becoming the European platform for top decision-makers and influencers, in the public, private and regulatory fields of financial services to explore the disruptive forces that are shaping the financial sector into the future and discuss where opportunities lie. Key note speakers for the 2017 Forum included Enda Kenny T.D., Prime Minister of Ireland, Jin Liqun, President of the Asian Infrastructure Investment Bank; Philip Hildebrand, Vice President of Blackrock; Noreen Doyle, Vice-Chair of the Board of Directors of Credit Suisse; and Qi Bin, Executive Vice-President of the China Investment Corporation.

For more information on Ireland's strategy for International Financial Services (IFS2020), please go to finance.gov.ie/ifs2020.

2. Central Bank of Ireland (CBI)

As mentioned earlier, the CBI is responsible for the supervision of most financial institutions in Ireland including banks, a broad range of non-bank firms, exchanges, asset managers and collective investment schemes.

Given the longevity and size of the asset management and funds industry in Ireland the CBI has significant experience and is an active participant in international regulatory co-operation, including holding a seat on the Board of IOSCO.

Find out more in the Regulation section at centralbank.ie.

3. Department of Foreign Affairs and Trade/Irish Embassy and Consular network

The Irish Government's representatives in China are continuing to work closely with all parts of Chinese industry in order to grow two-way, mutually beneficial Ireland/China ties in the coming years. September 2016 to January 2017 alone saw five major Trade & Investment Missions to China led by Irish government ministers. The past year or

[22] There are over 100,000 people working in the financial services sector in Ireland and a further 105,000 people working in Ireland's technology sector. Source: IFS Ireland

CHAPTER 10: RELEVANT GOVERNMENT DEPARTMENTS, AGENCIES AND OTHER BODIES

so meanwhile has seen some twenty-two high-level missions from China into Ireland. The Government have essentially doubled the staffing at Embassy, Beijing and have strengthened the Consulate General in Shanghai as well as establishing a permanent Consulate in Hong Kong in 2014. All are available to provide support and answer queries from firms looking at doing business in Ireland.

- Embassy of Ireland in China - *dfa.ie/zh/aierlandashiguan/zhong-guo/*
- Irish Consulate Shanghai - *dfa.ie/zh/aierlanlingshiguan/shang-hai/*
- Irish Consulate Hong Kong - *dfa.ie/irish-consulate/hong-kong/*

4.IDA Ireland

Ireland's inward investment promotion agency, IDA Ireland, is a non-commercial, semi-state body promoting Foreign Direct Investment into Ireland through a wide range of services. IDA Ireland partner with potential and existing investors to help them establish or expand their operations in Ireland. With offices in Beijing, Shanghai and Shenzhen locally based industry experts are on hand to work with asset managers and other companies on their international expansion plans. This includes providing a wide range of information, business support services and identifying if funding or grants are available.

idaireland.com.

5.Irish Funds

Irish Funds (the Irish Funds Industry Association) is the representative body of the international investment funds community in Ireland. It represents fund promoters/managers, administrators, custodians, transfer agents and professional advisory firms involved in the international funds industry in Ireland, with more than 13,500 funds and net assets of more that €4.1 trillion.

The objective of Irish Funds is to support and complement the development of the international funds industry in Ireland, ensuring it continues to be the location of choice for the domiciling and servicing of investment funds.

Through its work with governmental and industry committees and working groups, Irish Funds contributes to and influences the development of Ireland's regulatory and legislative framework. Irish Funds is also involved in defining market practice through the development of policy and guidance papers and the promotion of industry-specific training.

Irish Funds has an established relationship with the Asset Management Association of China (AMAC) having signed a Memorandum of Understanding in 2014.

The Hong Kong chapter of Irish Funds holds three events in Hong Kong each year which provide technical, regulatory and practical advice and insights to asset managers that have entered the Irish market or are looking to enter the Irish market. Similar events are also held on an annual basis in Singapore, Tokyo, Beijing and Shanghai. Details of all upcoming Irish Funds events can be found at **irishfunds.ie.**

An asset managers group has also been established in Hong Kong which provides a forum to facilitate open dialogue between asset managers on matters related to Irish domiciled funds and Europe generally. Asset managers are welcome to join these quarterly meetings by contacting **info@irishfunds.ie.**

irishfunds.ie

6.Irish Stock Exchange

The Irish Stock Exchange (ISE) is recognised worldwide as the leading centre for listing investment funds with over 7,000 fund share classes listed. The fund must publish listing particulars, approved in advance by the ISE, which include all the information which is relevant and necessary to allow a potential investor to make an informed assessment of the fund. The same document can be used for regulatory approval and listing approval. Review times are carried out within 2 business days.

ise.ie

APPENDIX 1

There are a number of documents required by the Central Bank of Ireland to set up a fund here.

1. Letter of application **(UCITS/AIF)**
2. Prospectus/offering memorandum **(UCITS/AIF)**
3. Key investor information document **(for UCITS only)**
4. Risk management process **(UCITS/AIF)**
5. Memorandum & articles of association **(Investment Company)**
6. Trust deed **(Unit Trust)**
7. Deed of constitution **(CCF)**
8. Partnership agreement **(Investment Limited Partnership)**
9. Instrument of Incorporation **(ICAV)**
10. Depositary agreement **(UCITS/AIF)**
11. Management company agreement **(UCITS/AIF)**
12. AIFM agreement **(AIF only)**
13. Investment management agreement **(UCITS/AIF)**
14. Investment advisory agreement **(UCITS/AIF - optional)**
15. Administration agreement **(All legal structures)**
16. Transfer agency agreement **(All legal structures)**
17. Distribution agreement **(if applicable)**
18. Paying agent/facilities agent agreement **(if applicable)**
19. Prime brokerage agreement **(if applicable)**
20. Business Plan **(UCITS)**/Programme of activity **(AIF)**
21. Individual Questionnaires of each director and senior manager
22. Information on remuneration policies and procedures
23. Information on arrangements made for delegation and sub-delegation to third parties

APPENDIX 2

Double Taxation Treaties entered into by Ireland[23]

COUNTRY	DATE OF SIGNING	INCOME TAX	CORPORATION TAX	CAPITAL GAINS TAX
Albania	16 Oct 2009	01 Jan 2012	01 Jan 2012	01 Jan 2012
Armenia	14 July 2011	01 Jan 2013	01 Jan 2013	01 Jan 2013
Australia	31 May 1983	06 Apr 1984	01 Jan 1984	06 Apr 1984
Austria	24 May 1966	06 Apr 1964	01 Apr 1964*	
Austria Protocol	19 Jun 1987	06 Apr 1976	01 Jan 1974	06 Apr 1974
Austria Protocol	16 Dec 2009	01 May 2011	01 May 2011	01 May 2011
Bahrain	29 Oct 2009	01 Jan 2010	01 Jan 2010	01 Jan 2010
Belarus	03 Nov 2009	01 Jan 2010	01 Jan 2010	01 Jan 2010
Belgium	24 Jun 1970	24 Jun 1970	01 Apr 1973*	
Belgium Protocol	14 Apr 2014	Not yet in effect	Not yet in effect	Not yet in effect
Bosnia Herzegovina	03 Nov 2009	01 Jan 2012	01 Jan 2012	01 Jan 2012
Botswana	10 Jun 2014	01 Jan 2017	01 Jan 2017	01 Jan 2017
Bulgaria	05 Oct 2000	01 Jan 2003	01 Jan 2002	01 Jan 2003
Canada	08 Oct 2003	01 Jan 2006	01 Jan 2006	01 Jan 2006
Chile	02 Jun 2005	01 Jan 2009	01 Jan 2009	01 Jan 2009
China	19 Apr 2000	06 Apr 2001	01 Apr 2001	06 Apr 2001
Croatia	21 Jun 2002	01 Jan 2004	01 Jan 2004	01 Jan 2004
Cyprus	24 Sep 1968	06 Apr 1962	01 Apr 1962*	
Czech Republic	14 Nov 1995	06 Apr 1997	01 Jan 1997	06 Apr 1997
Denmark	26 Mar 1993	06 Apr 1994	01 Jan 1994	06 Apr 1994
Denmark Protocol	22 Jul 2014	01 Jan 2015	01 Jan 2015	01 Jan 2015
Egypt	09 Apr 2012	01 Jan 2014	01 Jan 2014	01 Jan 2014
Estonia	16 Dec 1997	06 Apr 1999	01 Jan 1999	06 Apr 1999
Ethiopia	03 Nov 2014	01 Jan 2017	01 Jan 2017	01 Jan 2017
Finland	27 Mar 1992	06 Apr 1990	01 Jan 1990	06 Apr 1990
France	21 Mar 1968	06 Apr 1966	01 Apr 1966*	
Georgia	20 Nov 2008	01 Jan 2011	01 Jan 2011	01 Jan 2011
Germany	30 Mar 2011	01 Jan 2013	01 Jan 2013	01 Jan 2013
Germany Protocol	25 May 2010	01 Jan 2011	01 Jan 2011	
Germany Protocol	03 Dec 2014	01 Jan 2016	01 Jan 2016	01 Jan 2016
Germany	17 Oct 1962	06 April 1959	01 April 1959	
Greece	24 Nov 2003	01 Jan 2005	01 Jan 2005	01 Jan 2005
Hong Kong	22 Jun 2010	01 Jan 2012	01 Jan 2012	01 Jan 2012
Hungary	25 Apr 1995	06 Apr 1997	01 Jan 1997	06 Apr 1997
Iceland	17 Dec 2003	01 Jan 2005	01 Jan 2005	01 Jan 2005
India	06 Nov 2000	01 Jan 2002	01 Jan 2002	01 Jan 2002
Israel	20 Nov 1995	06 Apr 1996	01 Jan 1996	06 Apr 1996
Italy	11 Jun 1971	06 Apr 1967	01 Apr 1967*	
Japan	18 Jan 1974	06 Apr 1974	01 Apr 1974*	
Korea (Rep. of)	18 Jul 1990	06 Apr 1992	01 Jan 1992	06 Apr 1992
Kuwait	23 Nov 2010	1 Jan 2014	1 Jan 2013	1 Jan 2013
Latvia	13 Nov 1997	06 Apr 1999	01 Jan 1999	06 Apr 1999
Lithuania	18 Nov 1997	06 Apr 1999	01 Jan 1999	06 Apr 1999

[23] revenue.ie/en/practitioner/law/double/double-taxation-agreements.html

APPENDIX 2

COUNTRY	DATE OF SIGNING	INCOME TAX	CORPORATION TAX	CAPITAL GAINS TAX
Luxembourg	14 Jan 1972	06 Apr 1968	01 Apr 1968*	
Luxembourg Protocol	27 May 2014	01 Jan 2016	01 Jan 2016	01 Jan 2016
Macedonia	14 Apr 2008	01 Jan 2010	01 Jan 2010	01 Jan 2010
Malaysia	28 Nov 1998	06 Apr 2000	01 Jan 2000	06 Apr 2000
Malaysia Protocol	16 Dec 2009	01 Jan 2012	01 Jan 2012	01 Jan 2012
Malta	14 Nov 2008	01 Jan 2010	01 Jan 2010	01 Jan 2010
Mexico	22 Oct 1998	06 Apr 1999	01 Jan 1999	06 Apr 1999
Moldova	28 May 2009	01 Jan 2011	01 Jan 2011	01 Jan 2011
Montenegro	07 Oct 2010	01 Jan 2012	01 Jan 2012	01 Jan 2012
Morocco	22 Jun 2010	01 Jan 2012	01 Jan 2012	01 Jan 2012
Netherlands	11 Feb 1969	06 Apr 1965	01 Apr 1965*	
New Zealand	19 Sep 1986	06 Apr 1989	01 Jan 1989	06 Apr 1989
Norway	22 Nov 2000	01 Jan 2002	01 Jan 2002	01 Jan 2002
Pakistan	13 Apr 1973	06 Apr 1968	01 Apr 1968*	
Pakistan	16 April 2015	01 Jan 2017	01 Jan 2017	01 Jan 2017
Panama	28 Nov 2011	01 Jan 2013	01 Jan 2013	01 Jan 2013
Poland	13 Nov 1995	06 Apr 1996	01 Jan 1996	06 Apr 1996
Portugal	01 Jun 1993	06 Apr 1995	01 Jan 1995	06 Apr 1995
Portugal Prot.	11 Nov 2005	01 Jan 2007	01 Jan 2007	01 Jan 2007
Qatar	21 Jun 2012	1 Jan 2014	1 Jan 2014	1 Jan 2014
Romania	21 Oct 1999	06 Apr 2001	01 Jan 2001	06 Apr 2001
Russia	29 Apr 1994	06 Apr 1996	01 Jan 1996	06 Apr 1996
Saudi Arabia	19 Oct 2011	01 Jan 2013	01 Jan 2013	01 Jan 2013
Serbia	23 Sept 2009	01 Jan 2011	01 Jan 2011	01 Jan 2011
Singapore	28 Oct 2010	01 Jan 2011	01 Jan 2011	01 Jan 2011
Slovak Rep.	08 Jun 1999	06 Apr 2000	01 Jan 2000	06 Apr 2000
Slovenia	12 Mar 2002	01 Jan 2003	01 Jan 2003	01 Jan 2003
South Africa	07 Oct 1997	06 Apr 1998	01 Jan 1998	06 Apr 1998
South Africa Protocol	17 Mar 2010**	01 Jan 2013**	01 Jan 2013**	01 Jan 2013**
Spain	10 Feb 1994	06 Apr 1995	01 Jan 1995	06 Apr 1995
Sweden	08 Oct 1986	06 Apr 1988	01 Jan 1989	06 Apr 1988
Swedish Prot.	01 Jul 1993	20 Jan 1994	20 Jan 1994	20 Jan 1994
Switzerland	08 Nov 1966	06 Apr 1965	01 Apr 1965*	
Swiss Prot.	24 Oct 1980	06 Apr 1976	01 Jan 1974	06 Apr 1974
Swiss Prot.	26 Jan 2012	1 Jan 2014	1 Jan 2014	1 Jan 2014
Thailand	04 Nov 2013	01 Jan 2016	01 Jan 2016	01 Jan 2016
Turkey	24 Oct 2008	01 Jan 2011	01 Jan 2011	01 Jan 2011
UAE	01 Jul 2010	01 Jan 2011	01 Jan 2011	01 Jan 2011
Ukraine	19 Apr 2013	01 Jan 2016	01 Jan 2016	01 Jan 2016
United Kingdom	02 Jun 1976	06 Apr 1976	01 Jan 1974	06 Apr 1976
UK Protocol	07 Nov 1994	06 Apr 1994	01 Apr 1994	
UK Protocol	04 Nov 1998	06 Apr 1999	01 Jan 1999	01 Jan 1999
USA	28 Jul 1997	06 Apr 1998	01 Jan 1998	01 Jan 1998
USA Protocol	24 Sep 1999	1 Sep 2000	01 Sep 2000	01 Sep 2000
Uzbekistan	11 July 2012	01 Jan 2014	01 Jan 2014	01 Jan 2014
Vietnam	10 Mar 2008	01 Jan 2009	01 Jan 2009	01 Jan 2009
Zambia	29 Mar 1971	06 Apr 1967	01 Apr 1967*	
Zambia	31 Mar 2015	01 Jan 2016	01 Jan 2016	01 Jan 2016

APPENDIX 3

Irish Funds provides a wide range of publications on key topics in the Irish Funds industry.

These include:

- Why Ireland (Chinese Language)
- Ireland: A Guide to International Fund Distribution
- Why Ireland for ETFs: A Guide to Issuing ETFs (Exchange Traded Funds)
- Irish AIFs: A Guide to establishing Alternative Investment Funds in Ireland
- Liquid Alternatives: Why Ireland for Alternative UCITS
- Guide to Establishing Loan Originating Funds in Ireland
- Guide to Establishing Money Market Funds in Ireland
- CCFs: The Tax Efficiency in Asset Pooling

View any of the above as well as other resources in the Publications area on irishfunds.ie.

APPENDIX 4

Structuring options - detail

	Self-managed Investment Company	Super ManCo with Delegates ('v1')	Super ManCo with Add-on Authorisations ('v2')	MiFID Firm
Authorisation timeline	3-4 months	3-4 months	4-6 months	5-9 months
Activities (PM = portfolio management RM = risk managment)	Retain oversight of PM & RM but delegate day to day activities	Retain oversight of PM & RM but delegate day to day activities	Perform day-to-day PM&RM	Full range of services
Manage other fund umbrellas?	No	Yes	Yes	Yes
Annual KIID update	No	No	Yes, via add-on licences without need for MiFID delegate	Yes
Substance requirements	• 2 Irish-resident director • 2-3 Designated Person[1]	• 2-3 Irish-resident director[1] • 2-3 Designated Person[1]	• 2-3 Irish-resident director • 2-3 Designated Person[1] • Chief Investment Officer/ Managing Director • Head of Risk/Compliance and Finance, internal audit[2]	• Substantive presence required in Ireland[3] • Specific roles based in Ireland[2] • Legal & compliance • Financial control • Risk Management
Delegation/Outsourcing	CBI permits delegation of day-to-day PM and/or RM activities	CBI permits delegation of day-to-day PM and/or RM activities	CBI permits delegation of day-to-day PM and/or RM activities	Outsourcing allowed (including to other EEA states or 3rd countries) if in line with applicable law and best practice

1. Designated persons not all required to be Irish resident and can be directors or employees of the Investment Manager. For 'low' PRISM rated firms, half of the directors and at least 2 Designated Persons performing half of the managerial functions are required to be EEA-resident. For 'medium' PRISM rating firms, 3 directors or 2 directors plus 1 designated person should be Irish resident.
2. The need for specific roles may differ on a case-by-case basis.
3. 'Substantive presence' for MiFID: the firm's board and management run the firm from Ireland and make decisions in Ireland with sufficient staff and resources to manage the risks.

APPENDIX 4

Structuring Options – Pros & Cons

	Self-managed Investment Company	Super ManCo with Delegates ('v1')	Super ManCo with Add-on Authorisations ('v2')	MiFID Firm
Capital Required	€300,000 initial capital (wich can be met using shareholder funds)	3-4 months	4-6 months	5-9 months
Pro	• Works wll if no other funds managed • Less staff on the ground	• Can manage multiple fund umbrellas • Can passport to other EEA juridictions • Less staff on the ground than v2 or MiFID option	• Can perform full PM activities or delegate • Can manage multiple fund umbrellas & mandates • Can passport to other EEA juridictions • Less staff on the ground than MiFID	• Wide range of permissions/potential business lines available • Can passport throughout EEA without seeking additional authorisations
Cons	• Cannot perform all PM activities • Cannot manage or advise mandates • Must delegate to regulated investment manager	• Cannot perform all PM activities • Cannot manage mandates	• More staff on the ground than SMIC or v1 option • Add-on authorisations possible, which may be subject to local review when passporting to other EEA juridictions	• More staff on the ground • Subject to CRD IV / CRR requirements • MiFID 2 changes in Jan 2018

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