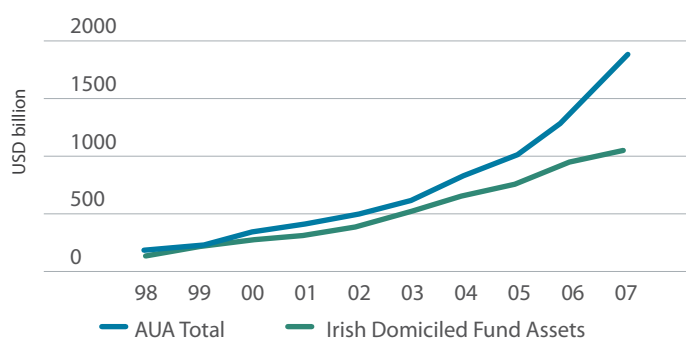


# How to establish a fund in Ireland

Ireland, with almost twenty years experience as a jurisdiction of choice for the domiciling, administration and servicing of investment funds, continues to deliver an evolving environment facilitating a full range of investment fund products. Ireland's robust yet flexible regulatory environment along with its proven track record as a centre of excellence for complex fund formation and operation, the proactive engagement of the relevant authorities and its 'can do' attitude are cited as some of the reasons why so many global industry players are conducting business in Ireland. The ability and determination of the industry in Ireland to anticipate and react to industry needs will ensure that it builds upon the success achieved to date.

## Why choose Ireland to domicile investment funds?

Ireland has long been recognised as the European domicile of choice for fund managers establishing regulated investment products. Ireland's investment funds industry has grown at a phenomenal rate in recent years, with assets of over \$1.1 trillion in fund assets domiciled in Ireland, up 13 per cent in the first 7 months of 2007. The industry is now servicing over \$1.8 trillion in fund assets, with substantial growth potential. The Financial Regulator in Ireland has demonstrated an informed and pragmatic approach to the regulation of investment funds and the partnership approach enjoyed by the industry in working with the Financial Regulator has led to the development of a wide range of product opportunities reflecting the diverse requirements of the global market place, from traditional retail funds to all of the institutional type funds and allowed significant product innovation under UCITS III. Irish service providers have in-depth experience in servicing long only and traditional money market funds as well as a proven expertise in servicing the more esoteric fund types including hedge, private equity and property fund structures. Ireland's reputation as a domicile of choice has been driven by the enormous wealth of expertise that spans across the entire service provider community including firms providing back and middle office support, investment managers, lawyers, auditors, the Irish Stock Exchange and other industry specialists. The industry companies have been continuously developing and evolving their business models ensuring they meet the requirements and deliver a quality service to the entire spectrum of funds serviced in Ireland.



Source: Lipper Fund Encyclopaedia & Irish Financial Regulator, figures as at June each year

## What types of funds can be domiciled in Ireland?

Funds can be categorised as follows:

**Retail fund** - a fund which may be offered to the public and which permits subscriptions at any level.

**Professional investor fund (PIF)** - a fund with a minimum subscription of EUR125,000.

**Qualifying Investor fund (QIF)** - a fund with a minimum subscription of EUR250,000 and a qualifying investor test.

QIFs enjoy a fast-track process, whereby with the appropriate signoff from the lawyers and service providers, the Financial Regulator will ensure a 48 hour approval process for a QIF.

Funds are categorised as either UCITS or non-UCITS; UCITS being highly regulated vehicles under a European Directive that may be sold cross border into Europe with all other funds being non-UCITS.

Funds established in Ireland can be structured as

- » Single or umbrella fund;
- » Single or multi-class;
- » Open-ended; limited liquidity or closed-ended; with strategies from plain vanilla to aggressive alternatives.

## Who authorises funds in Ireland?

The Financial Regulator authorises funds wishing to domicile in Ireland. Further details on the Financial Regulator can be found at [www.financialregulator.ie](http://www.financialregulator.ie).

## Must a fund domiciled in Ireland be serviced in Ireland?

Yes, Irish regulations require the appointment of an Irish domiciled custodian and administrator and that certain minimum administration activities be carried out in Ireland for Irish domiciled funds.

## Can a fund domiciled elsewhere be serviced in Ireland?

Yes, Ireland has a strong reputation in servicing non domiciled funds and a considerable percentage of the overall funds serviced in Ireland are actually non-Irish and domiciled in jurisdictions such as Cayman, Bermuda, BVI and other international locations.

## Where do I begin and how long will the process take?

The process is two staged. The first step is to have a suitable promoter approved for the proposed fund. The Financial Regulator will assess the promoter's suitability to promote an Irish authorised fund based on criteria such as the promoter's own regulation together with the level and depth of its experience in the investment fund area. The investment manager of the proposed fund must also be approved by the Financial Regulator and the approval procedure is similar to that for the promoter. The promoter and the investment manager are permitted to be the same entity. The second step is to gain approval for the fund itself. A prospectus, trust deed/ custodian agreement and individual questionnaires in respect of each director are submitted for review.

The consideration time of the promoter application can be constructively used to prepare and finalise the fund documentation. Also, if an investment manager/promoter is authorised in another jurisdiction, e.g. by the FSA in the UK, and meets the principal criteria required by the Financial Regulator, the Financial Regulator will quite often run the fund approval process in parallel with the investment manager/promoter approval process, with the time to fund launch from the start of as little as 6-8 weeks. In addition, a new immediate approval process is now available for QIFs.

## Is it necessary to get the investment manager approved as well as the fund?

Yes. The investment manager must be approved by the Financial Regulator to act as an investment manager to an Irish authorised collective investment scheme. However, there is no requirement for the investment manager to be established in Ireland and typically the investment manager is based outside Ireland. It is required that the investment manager be authorised in another jurisdiction by an equivalent regulatory body e.g. FSA in the UK, SEC in the US.

## How long does it take for the manager to be approved - can this be done in conjunction with the product approval?

The investment manager can be approved in a matter of weeks, but the timeframe will largely depend on how quickly the Irish authorities obtain responses to due diligence inquiries from overseas regulatory authorities. When the investment manager application is in its final stages, the Financial Regulator is generally happy to begin reviewing the application for the fund itself. However, they may reserve the right to insist upon promoter/investment manager approval, before accepting the application for the fund.

## What other Irish domiciled parties must be appointed to the fund?

An Irish domiciled fund must appoint an Irish administrator and Irish custodian/trustee. These must be independent legal entities with independent boards, although they can be part of the same group. Irish auditors are also required.

## What are the tax implications of having funds domiciled in Ireland?

A fund that is authorised/domiciled in Ireland is not subject to Irish tax. Non Irish resident investors that have completed a non Irish residency declaration on acquiring units in the fund will receive dividend payments or redemptions/sales without deduction of any withholding tax. (Payments to Irish resident/ordinarily resident investors in the fund will be subject to a 20 p.c. withholding tax on annual dividends and a 23 p.c. withholding on any gains on redemption, sale or transfer of units.)

## If a fund is authorised in Ireland, does it also have to be listed on the Irish Stock Exchange (ISE)?

It is not mandatory for Irish funds to list on the ISE, but the majority of Irish authorised funds do list on the ISE and comply with listing requirements as an additional level of regulation and best practice. A fund authorised by the Financial Regulator receives automatic derogations from many ISE listing requirements. The ISE operates under delegated authority from the Financial Regulator which is the competent authority under EU law.

## Product Range

### UCITS

Equity Funds  
Bond Funds  
Money Market Funds  
Multi Manager Funds  
Common Contractual Funds  
Index Funds  
ETFs  
Fund of Funds  
REITS Funds  
Securitized Assets  
'130/30' Funds

### Non-UCITS

Alternative Investment Funds  
Property Funds  
Private Equity Funds  
Fund of Funds  
Fund of Hedge Funds  
Feeder Funds  
Venture Capital Funds

### Structures

Retail  
Professional  
Qualifying

## Directory

A full list of IFIA members' contact details and services provided is available at [www.irishfunds.ie](http://www.irishfunds.ie)

## About the IFIA

Founded in 1991, the Irish Funds Industry Association (IFIA), formerly Dublin Funds Industry Association (DFIA), is the representative body for the funds industry in Ireland, with the custodian banks, administrators, managers, transfer agents, fund promoters and professional advisory firms involved in the international funds services industry in Ireland, among its members.

Through its work with Governmental and Industry committees and working groups, the IFIA has contributed to and influenced the development of Ireland's regulatory and legislative framework.

The IFIA is also involved in defining market practice through the development of policy and guidance and the promotion of education and industry-specific training.

For further information please log onto [www.irishfunds.ie](http://www.irishfunds.ie)



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