

# ‘UCITS – A Home for Alternative Products’

Wednesday, 3<sup>rd</sup> March 2010  
Millennium Hotel, London

# Introduction and Welcome Remarks

Gary Palmer, Chief Executive, IFIA

# UCITS – A home for Alternative Investment Products



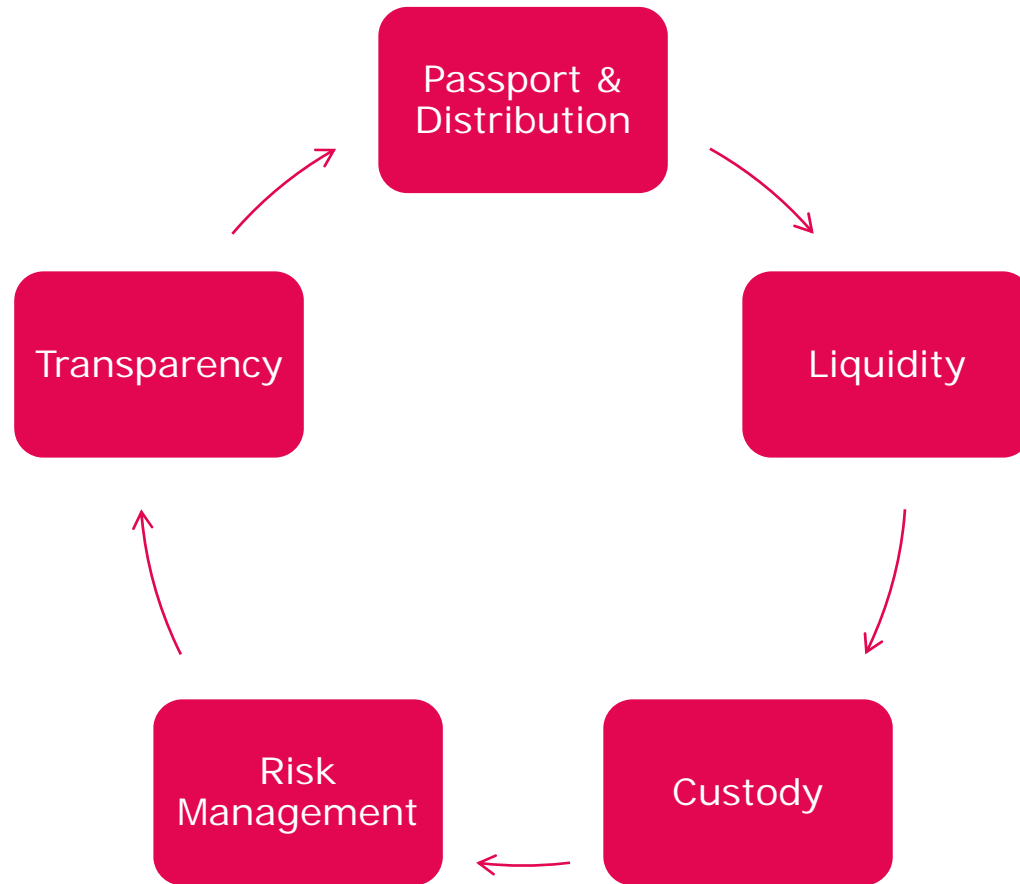
FINANCIAL REGULATOR  
*Rialtóir Airgeadais*

**Grellan O'Kelly FCA**

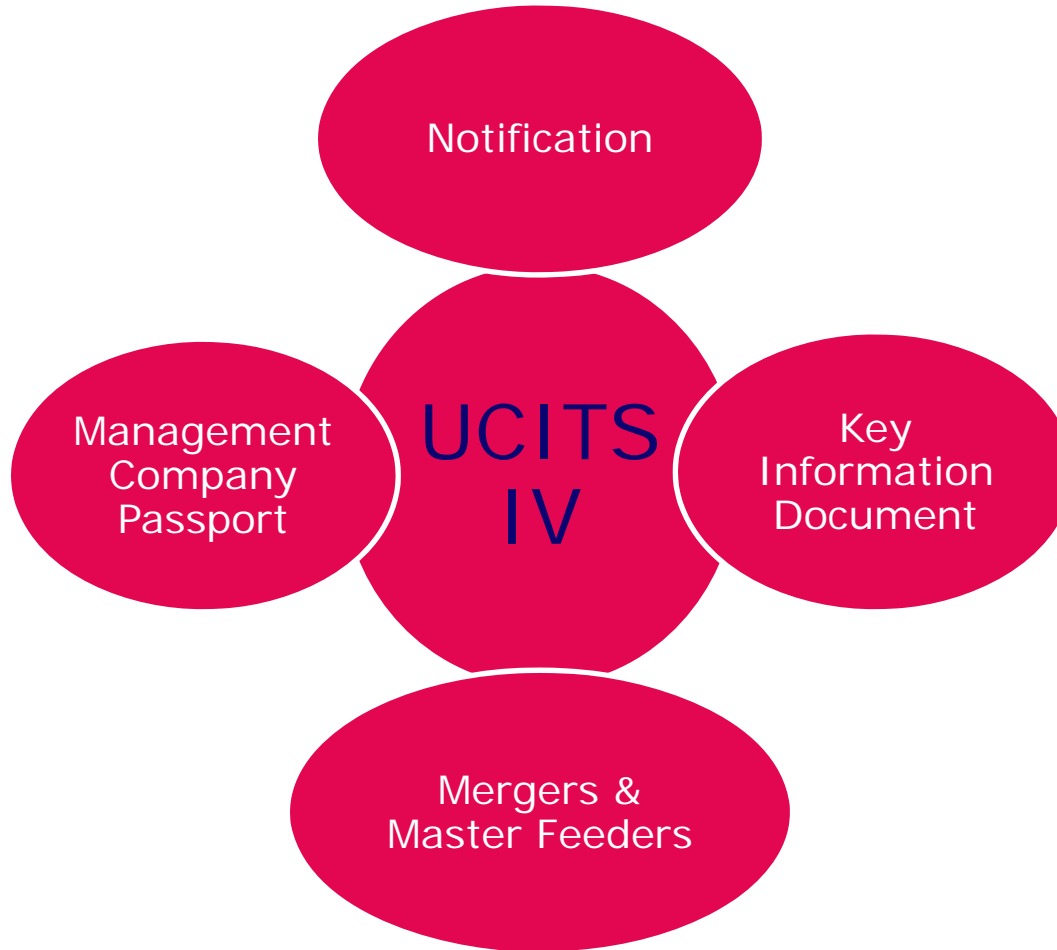
Derivatives & Risk Management  
Policy Unit  
Financial Institutions & Funds  
Authorisation

*3 March 2010*

# Existing UCITS key features



# UCITS IV – the key changes



# UCITS IV – Timings

## UCITS III

- Development of markets since 2001
- The need to clarify, improve and consolidate recognised a couple of years ago

## UCITS IV

- Level 1 Directive 2009/65/EC (**13 July 2009**)
- Level 2 & 3 work to be submitted to EU Commission by **July 2010**

## Implementation

- UCITS IV will be effective from **July 11 2011**
- Must be reflected in national law by that date

# The Regulatory Approach

- **Authorisation process**
  - Companies and other legal vehicles
  - Individuals
- **Supervision & Enforcement**
  - Desk-top (via supervisory returns)
  - Interviews (eg themed discussions/visits)
  - On-site visits and examinations
- **Rules & Guidance Issued**
  - Principles based where applicable
  - Rules based (becoming more prevalent)
  - Consultation with stakeholders very important

⇒ **UCITS & Non-UCITS**

# Approval Timeframes

- The Financial Regulator meets many promoters in advance of any submissions.
- In general the promoter, investment manager(s), management company, administrators, directors and custodian should seek clearance prior to the fund submission being made to the Financial Regulator
- QIF fast-track approval process (1 day)
- CIS fast-track approval process (first comments within 1 week)
- CIS approval process (first comments issued within 10 days)

***QUALITY OF SUBMISSIONS IS CRITICAL!***

# Recent changes in Ireland



- **Company Law amendment (December 2009)**
  - Subject to regulatory requirements, foreign funds may re-establish themselves as an Irish regulated UCITS or non-UCITS fund (i.e. without the need to set up a new company).
- **The Irish Finance Bill (published February 2010)**
  - No adverse tax consequences for Irish managed foreign UCITS
  - Master-feeder arrangements – stamp duty relief
  - Non-resident declarations removed
  - Unit Trust stamp duty relief
  - Management companies – exemption from exit tax

# Main Products & Strategies



## ■ Products

- Fixed Income
- Equity
- Hybrid
- Commodities  
(indirectly)
- Indices
- Derivatives
- EPM Techniques

## ■ Strategies

- Long-short
- Absolute return
- Arbitrage
- Algorithmic
- Macro
- Structured
- Short strategies
- Replication

# Derivatives Used

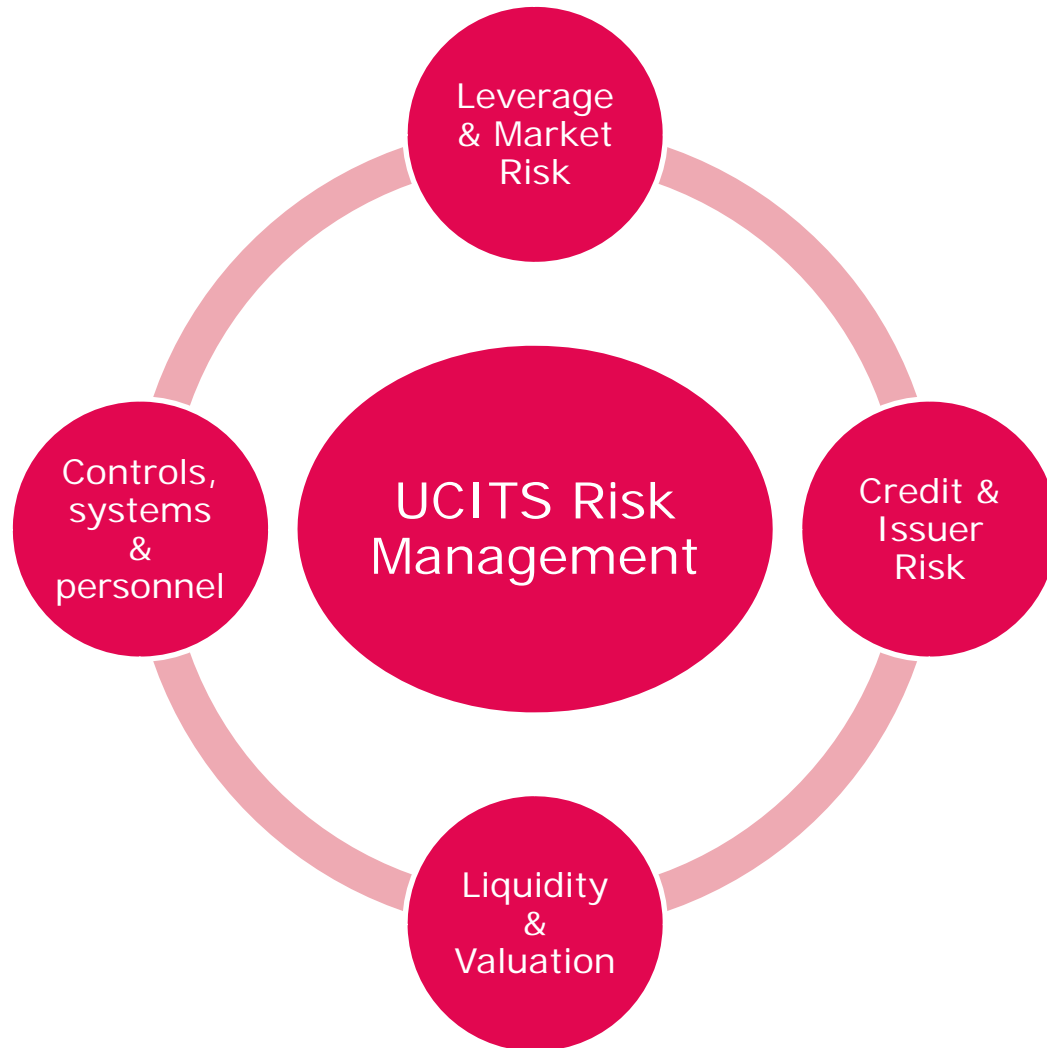


All types of derivatives used, such as:

- Exchange traded futures & options
- FX forwards & currency swaps/options
- Swaps (IRS, volatility, total return etc)
- CDS
- CFDs
- Put & Call options (including non linear products such as digital/binary options and barrier options)
- Warrants
- Embedded Derivatives (e.g. Convertibles, CLNs)
- Structured Notes

....and combinations of all the above in complex structures!

# Regulatory Safeguards





FINANCIAL REGULATOR  
*Rialtóir Airgeadais*

# Panel Session - The Experience of UCITS

Moderator:

Michael Jackson, Matheson Ormsby Prentice & Chair, IFIA

Panel:

Bridget Guerin, Matrix Money Management Ltd

Paul Mack, Iveagh Ltd

Tim Pearey, Odey Asset Management LLP

# Thank You

## Drinks Reception

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