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Proposals for Revised Authorisation Process and Product Parameters for QIFs

Over the last number of months Industry representatives have been working with the Financial Regulator to address the speed to market and attractiveness of the Qualifying Investor Fund (QIF), by revising the authorisation process and enhancing the product parameters for the QIF. I am pleased to report that at a recent meeting of the Board of the Financial Regulator, the Board approved a proposal to revise the current process for authorisation of QIFs, such that a QIF will now be capable of being authorised by the Financial Regulator on a filing only basis.

The practical effect of this development is that, where the Financial Regulator receives a complete application for the authorisation of a QIF before 3.00pm on a day, a letter of authorisation for that QIF can be issued the following day. An application for authorisation will be complete on the basis that the parties to the fund are all approved (the promoter, directors and relevant service providers to a QIF having the appropriate authorisation/approvals from the Financial Regulator) and that the fund reflects the agreed parameters. The intention is that the parameters for a QIF will be simplified and codified, and these will be included in a revised application form, a QIF application form. It is likely that there will be spot checks conducted on applications post-authorisation and in the event of non-compliance with the QIF requirements, applicants might have difficulty having similar future applications authorised on a pre-approved basis.

A very short and intense process of engagement is currently underway to effectively edit the current fund application form and determine what should be excluded for a QIF, with those key sections remaining forming the agreed parameters. A revised application form and Notice will be circulated in early January and the Financial Regulator will be accepting applications under the new QIF arrangements no later than February 2007.

By way of background, this very welcome development follows an initiative included in the Department of An Taoiseach's recent strategy document

‘Building on Success’, for the International Financial Services Industry in Ireland. When considering the proposals for inclusion in this strategic review, the funds industry highlighted that while speed to market is of critical importance for all investment funds, it is of paramount importance for certain investors and fund types. For a fund to seek and receive Regulatory Approval prior to launch, requires and involves a detailed process and such a process takes time. It was noted the timeframe for a fund to be approved is approximately six to eight weeks; however this timeframe is dependant on the complexity of the product structure and any issues that may arise during the approval process. It was proposed that the introduction of a fund structure that does not require an approval process will address the speed to market issues.

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