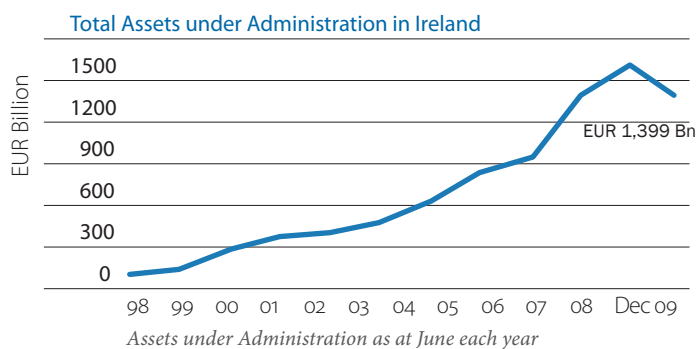


How to establish a fund in Ireland

Ireland, with over 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 is a major global player servicing assets worth €1.4 trillion in over 10,300 funds as of December 2009. 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. The funds industry in Ireland reflects the diverse requirements of the global market place, from the servicing of traditional retail funds to all the institutional type funds. 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 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 promoter requirements and deliver a quality service to the entire spectrum of funds serviced in Ireland.



Source: Irish Financial Regulator, Lipper & IFIA, 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.

A fast track process for QIFs is available, whereby with the appropriate documentation submitted to the Financial Regulator, a QIF can be approved within 24 hours of filing.

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

Funds established in Ireland can be structured as

- Single or umbrella funds
- Single or multi-class
- Open-ended; limited liquidity or closed-ended; with strategies from plain vanilla to complex 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

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 activity 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, including funds domiciled in Cayman, Bermuda, BVI and other jurisdictions.

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 Reg-

ulator 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 from approval to fund launch taking as little as 8 weeks. In addition, an 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. It is expected that the investment manager be authorised in another jurisdiction by an equivalent regulatory body e.g. FSA in the UK.

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 23% withholding tax on annual dividends and a 26% 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 (asset/pension pooling product)
Index Funds
ETFs
Fund of Funds
REITS Funds
Securitised Assets
'130/30' Funds
Shari'ah Funds

Structures

Retail
Professional
Qualifying

Non-UCITS

Alternative Investment Funds
Property Funds
Private Equity Funds
Fund of Funds
Fund of Hedge Funds
Feeder Funds
Venture Capital Funds
Equity Funds
Bond Funds
Money Market Funds
Multi Manager Funds
Common Contractual Funds (asset/pension pooling product)
Index Funds
ETFs
Fund of Funds
REITS Funds
Securitised Assets
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Directory

A full list of IFIA members' contact details and services provided is available at 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

The information in this document is for marketing purposes only and it is recommended that professional advice is sought if conducting business in Ireland.



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