

Important  
Changes to  
Authorisation  
Process for Irish  
Domiciled QIFs

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## ■ IMPORTANT CHANGES TO AUTHORISATION PROCESS FOR IRISH DOMICILED QIFS

### Introduction

The Irish Funds Industry Association has announced this afternoon a hugely significant and extremely positive change in the authorization process for Irish domiciled qualifying investor funds (“QIFs”).

The QIF authorization process, as well as its product parameters, are to be changed to accelerate the time to market and otherwise improve the attractiveness of the QIF product.

QIFs will now be capable of being authorised by the Financial Regulator on a filing only basis which will mean that there will no longer be a prior review of QIF fund documentation and a QIF meeting the pre-agreed parameters can file for authorization on Day X and authorization will issue on Day X+1.

### New Irish Regulatory Regime

Following discussions over the last number of months between industry representatives and the Financial Regulator, new authorisation processes and enhanced product parameters for QIFs have been announced this afternoon.

QIFs are non-UCITS products available as investment companies, unit trusts or common contractual funds (single or umbrella with segregated liability) which have a minimum subscription requirement per investor of Euro 250,000 (or equivalent) and which can be sold only to qualifying investors - individuals with a minimum net worth of Euro 1.25 million (excluding principal private residence/contents) or institutions who own or invest on a discretionary basis at least Euro 25 million (or are themselves owned by qualifying investors).

QIFs are the vehicles which are most frequently used in the alternative space – hedge funds, fund of hedge funds, venture capital/private equity, real estate funds etc – and are a mainstay of the non-UCITS Irish domiciled product offering.

The new authorisation regime will provide that, subject to meeting pre-agreed parameters, a QIF will now be capable of being authorised by the Financial Regulator on a filing only basis so that once a complete application for authorisation is received by the Financial Regulator before 3.00pm on Day X, a letter of authorisation for the QIF can be issued by the Financial Regulator on Day X +1.

There will no longer be a prior review process.

A complete application will be one where all the relevant parties to the QIF (promoter, directors and relevant service providers) are all approved (i.e. have the appropriate authorisations/approvals from the Financial Regulator) and the QIF itself reflects the agreed parameters. The agreed parameters have been discussed with the Financial Regulator at meetings with industry over the last number of weeks and the intention is that those parameters will appear in a simplified and codified manner in a revised application form for QIFs. Those parameters are essentially the current parameters adjusted to take account of all QIF enhancements over the last number of years as well as the removal of certain previous requirements which are no longer seen as appropriate for the QIF regime.

## Commencement of New Regime

It is proposed that the revised application form and a new notice dealing with the new QIF regime will be circulated in early January and that applications under the new regime will be accepted by the Financial Regulator no later than February 2007.

It is also envisaged that spot checks will be conducted on applications post authorisation and in the event of any non-compliance with the relevant requirements, applicants may experience difficulties with future authorisations on a pre-approved basis.

## Summary

We consider these changes to be of huge significance to the Fund industry and represent a recognition of the time to market requirements of international promoters.

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