



Alternative Investment Funds **2025**

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1 Regulatory Framework

1.1 What is the key legislation that governs the establishment and operation of Alternative Investment Funds?

The European Communities (Alternative Investment Fund Managers) Regulations 2013 (“**AIFM Regulations**”), which transposed Directive 2011/61/EU (“**AIFMD**”) into Irish law, governs Irish alternative investment fund managers (“**AIFMs**”) and in turn, their management of alternative investment funds (“**AIFs**”).

Further, depending on the legal structure of the AIF, the AIF will be required to comply with the relevant domestic legislation governing the relevant legal structure. In Ireland, AIFs are typically constituted as:

- (1) investment limited partnerships (“**ILPs**”), pursuant to the Investment Limited Partnerships Act 1994 (as amended) (“**ILP Act**”);
- (2) Irish collective asset-management vehicles (“**ICAVs**”) pursuant to the Irish Collective Asset-management Vehicles Act 2015 (as amended) (“**ICAV Act**”);
- (3) common contractual funds (“**CCFs**”) pursuant to the Investment Funds, Companies and Miscellaneous Provisions Act 2005 (as amended) (“**CCF Act**”);
- (4) investment companies pursuant to the Companies Act 2014 (as amended);
- (5) unit trusts pursuant to the Unit Trusts Act 1990 (as amended); or
- (6) limited partnerships pursuant to the Limited Partnerships Act 1907 (as amended).

Ireland is primarily a regulated fund jurisdiction and most AIFs in Ireland will be regulated by the Central Bank of Ireland (“**CBI**”) as either (a) qualifying investor alternative investment funds (“**QIAIFs**”), (b) retail investor alternative investment funds (“**RIAIFs**”), or (c) European long-term investment funds (“**ELTIFs**”). The CBI has in place an AIF Rulebook and has issued guidance, including an ‘AIFMD Q&A’, which, whilst not technically legislation, governs the establishment and operation of regulated AIFs in Ireland, it being noted that ELTIFs must also comply with Regulation (EU) 2015/760 and Regulation (EU) 2023/606 (including the regulatory technical standards published thereunder) (“**ELTIF Rules**”).

1.2 Are managers to Alternative Investment Funds required to be licensed, authorised or regulated by a regulatory body?

It is a requirement that all AIFs established in Ireland must

have an AIFM. The AIFM can be either an external manager of the AIF or the AIF itself (in which case it is generally referred to as a ‘self-managed AIF’, although it would be more common for an AIF to have an external AIFM). An external AIFM must be either an AIFM authorised or registered by the CBI, or authorised by a regulator of another EU Member State, in which case the non-Irish AIFM would be exercising its ‘management passport’ to be able to manage the Irish AIF. It is possible for a non-EU AIFM to act as an AIFM to certain Irish regulated AIFs but such an AIFM must be approved by the CBI to do so.

1.3 Are Alternative Investment Funds themselves required to be licensed, authorised or regulated by a regulatory body?

Ireland is primarily a regulated fund jurisdiction and most AIFs in Ireland will be regulated by the CBI as either QIAIFs, RIAIFs or ELTIFs. However, it is possible for the AIF to be unregulated, in which case that AIF will typically take the form of a limited partnership governed by the Limited Partnerships Act 1907 (as amended).

1.4 Does the regulatory regime distinguish between open-ended and closed-ended Alternative Investment Funds (or otherwise differentiate between different types of funds or strategies (e.g. private equity vs hedge funds))?

The regulatory regime in Ireland does distinguish between open-ended and closed-ended AIFs. The CBI’s AIF Rulebook prescribes certain obligations regarding closed-ended AIFs (e.g., investor engagement requirements where there is a proposed change to the term, investment objective or policy, or fees charged, in respect of the closed-ended AIF). Further, the CBI imposes certain redemption requirements for open-ended and open-ended with limited liquidity AIFs (see question 2.5). As it relates to ‘types of funds’, the CBI’s rules relating to RIAIFs, QIAIFs and ELTIFs differ and the CBI prescribes certain obligations in respect of AIFs (and primarily RIAIFs) depending on the investment strategy employed by the AIF (e.g., venture capital or private equity AIFs, real estate AIFs, money market AIFs, loan originating AIFs, etc.).

1.5 What does the authorisation process involve for managers and, if applicable, Alternative Investment Funds, and how long does the process typically take?

As it relates to the authorisation of AIFMs in Ireland, this

process will typically involve a meeting with the CBI and submission of an application, comprising items such as a programme of activity (or business plan), details of the proposed AIFM's governance arrangements and ownership structure, financial projections, etc. This entire process typically takes six months.

As it relates to AIFs, QIAIFs that do not invest in Irish property or digital assets in excess of prescribed limits can avail of the CBI's 24-hour QIAIF authorisation process, which involves a single submission of the QIAIF's fund documentation and a certification that such documentation complies with the CBI's requirements. Unlike a QIAIF, a RIAIF cannot avail of the 24-hour authorisation process and the proposed offering documentation for a RIAIF will be subject to review by the CBI. Importantly, in Ireland, ELTIFs that are limited to professional clients (as defined under MiFID) or 'Qualifying Investors' (effectively institutional or well-informed, sophisticated investors investing or committing at least €100,000 to the ELTIF) can also avail of the CBI's 24-hour authorisation process. This is a significant 'speed to market' advantage that Ireland has within the EU. Where a 'professional client' or 'Qualifying Investor' ELTIF wishes to provide for the possibility of redemptions during the life of the ELTIF, a form of liquidity pre-submission is required to be filed with the CBI before the 24-hour approval submission can be filed to have the ELTIF authorised. Finally, where the ELTIF is to be marketed to retail investors (investors that are not 'professional clients' or 'Qualifying Investors'), the retail ELTIF authorisation process is akin to the RIAIF authorisation process.

1.6 Are there local residence or other local qualification or substance requirements for managers and/or Alternative Investment Funds?

An AIFM authorised in Ireland is expected to have a presence and resources (including staff) in Ireland. Each AIFM, in addition to its board of directors, is required to have 'designated persons' ("DPs") performing certain managerial functions relating to investment management oversight, risk, compliance, distribution and financial and capital management. The AIFM is required to have at least two Irish resident directors and the majority, if not all, of the DPs are required to also be located in Ireland, although it is possible for a DP to perform more than one managerial function.

As it relates to AIFs, an AIF constituted as an investment company or an ICAV is required to also have at least two Irish resident directors, noting that the Irish unit trust and CCF are unincorporated entities and so there are no director residency requirements that can apply to same. Where the AIF is structured as an ILP, the general partner to the ILP ("GP") is not required to be located in Ireland, nor are there any Irish residency requirements applicable to the directors of the GP, although the directors of the GP do need to be pre-approved by the CBI in accordance with the CBI's 'Fitness and Probity' regime.

1.7 Are any service providers specifically required to be appointed in respect of Alternative Investment Funds?

Under AIFMD, each AIF is required to appoint an AIFM and a depositary. In practice, the AIFM will typically delegate the administration function to an administrator, and the discretionary portfolio management function to a delegate

investment manager; the AIFM will retain the discretionary portfolio management function in respect of the AIF where a non-discretionary investment adviser is to be appointed in respect of the AIF. Each AIF is also required to appoint an auditor, a money laundering reporting officer (or MLRO), a company secretary (where the AIF is a corporate entity) and each AIF will typically engage legal counsel. Other service providers include distributors, placement agents, external valuers, prime brokers, etc., although these service providers are not required to be appointed in respect of the AIF.

1.8 What rules apply to foreign managers wishing to manage funds domiciled in your jurisdiction?

Non-Irish EU AIFMs are permitted to exercise their management passport under AIFMD and be appointed as the AIFM in respect of Irish AIFs. Non-EU AIFMs are also permitted to manage Irish AIFs, but where such AIFs are regulated AIFs, the relevant AIF must ensure that the non-EU AIFM complies with certain elements of AIFMD, as stipulated within the CBI's AIF Rulebook.

Where a foreign manager wishes to be appointed by an AIFM as the discretionary investment manager in respect of the regulated Irish AIF, that foreign manager will need to be cleared by the CBI to act as a discretionary investment manager to Irish authorised investment funds.

See question 1.9 for foreign managers seeking to act as a non-discretionary investment adviser in respect of an Irish AIF.

1.9 Are advisers (including foreign advisers) to Alternative Investment Funds required to be licensed, authorised or regulated by a regulatory body?

Where an adviser (including a foreign adviser) wishes to provide the discretionary portfolio management function in respect of the AIF, in addition to being approved by the CBI to do so (see question 1.8), under AIFMD, that foreign adviser is required to be authorised or registered for the purpose of asset management in its own jurisdiction, and a form of cooperation arrangement or agreement must be in place between the CBI and the supervisory authority of the foreign adviser.

However, where the foreign adviser instead wishes to be the non-discretionary investment adviser in respect of the AIF, the foreign adviser is not required to be pre-cleared by the CBI, but certain CBI filing requirements must be complied with.

Ultimately, the requirements as to the authorisation of foreign advisers will vary depending on the scope of their services and the regulatory requirements of the foreign adviser's home jurisdiction.

2 Fund Structures

2.1 What are the principal legal structures used for Alternative Investment Funds (including reference where relevant to local asset holding companies)?

See question 1.1.

Further, limited partnerships constituted pursuant to the Limited Partnerships Act 1907 (as amended) are frequently used as asset holding structures, particularly in real estate, in order to, *inter alia*, ring-fence debt finance arrangements.

2.2 Do any of the legal structures operate as an umbrella structure with several sub-funds, and if yes, is segregation of assets between the sub-funds a legally recognised feature of the structure?

All of the regulated legal structures set out in response to question 1.1 can be constituted as umbrella structures with one or more sub-funds and it is very common in Ireland to establish an AIF as an umbrella structure with one or more sub-funds. There is also a statutory basis for the segregation of assets and liabilities at sub-fund level provided for in the legislation governing most of these regulated legal structures. For example, the ILP Act, the ICAV Act, the Companies Act 2014 (as amended) and the CCF Act provide that any liability incurred on behalf of or attributable to any sub-fund of an umbrella fund shall be discharged solely out of the assets of that sub-fund and that the assets of one sub-fund may not be used to discharge any liability incurred on behalf of or attributable to any other sub-fund of the same umbrella fund. In the context of a unit trust, the segregation of assets and liabilities amongst sub-funds is typically provided for pursuant to the trust deed constituting the unit trust.

2.3 Please describe the limited liability of investors in respect of the different legal structures used for Alternative Investment Funds.

Generally speaking, the liability of investors in these regulated structures is limited to the sum which the investor has invested in the AIF.

In an ILP, the ILP Act provides that a limited partner shall not be liable for the debts or obligations of the ILP beyond the amount of the partnership property contributed by the limited partner which is available to the GP to meet such debts or obligations.

Further, the ICAV Act, the Companies Act 2014 (as amended) and the CCF Act provide that the liability of an investor shall be limited to the amount agreed to be contributed for the subscription of shares or units in the AIF. In a unit trust, the limitation on liability of the unitholders is governed by the terms of the trust deed and it too is typically limited to the amount to be contributed for the subscription of units in the unit trust.

2.4 What are the principal legal structures used for managers and advisers of Alternative Investment Funds?

The principal legal structure used in Ireland for managers and advisers of AIFs is a private limited liability company or a designated activity company with limited liability.

2.5 Are there any limits on the manager's ability to restrict redemptions in open-ended funds or transfers in open-ended or closed-ended funds?

The CBI categorises QIAIFs and RIAIFs from a liquidity perspective as either (i) open-ended, (ii) open-ended with limited liquidity, or (iii) closed-ended. A closed-ended QIAIF or RIAIF is simply an AIF that provides for a defined term, regardless of whether redemptions are permitted during the life of the AIF (it being noted that redemption facilities can be provided for in closed-ended QIAIFs or RIAIFs).

In order for a QIAIF or RIAIF to be deemed open-ended, it should:

- (a) provide for redemptions at least on a quarterly basis (for a QIAIF) or on a monthly basis (for a RIAIF);
- (b) redeem when requests at least 10% of the Net Asset Value on a monthly basis or, for a QIAIF, 25% of the Net Asset Value of the QIAIF on a quarterly basis;
- (c) provide for a redemption settlement period that does not exceed 90 calendar days (for a QIAIF) or 30 calendar days (for a RIAIF) from the date of submission of the redemption request to payment of the redemption settlement proceeds (although this can be extended in certain instances); and
- (d) not impose a redemption fee in excess of 5% (for a QIAIF) or 3% (for a RIAIF) of the Net Asset Value per share/unit being redeemed.

If the QIAIF or RIAIF is unable to meet (a)–(d) above, or if the QIAIF needs to have the ability to establish side pockets, it will be deemed to be open-ended with limited liquidity.

These requirements do not apply to ELTIFs. Where an ELTIF does not permit investors to redeem during the term of the ELTIF, the ELTIF shall be deemed to be a closed-ended ELTIF. However, if the ELTIF provides for redemption facilities during its term in accordance with the ELTIF Rules, the ELTIF shall be deemed to be open-ended with limited liquidity.

As it relates to restrictions on transfers, please see question 2.6.

2.6 Are there any legislative restrictions on transfers of investors' interests in Alternative Investment Funds?

As the name suggests, only 'Qualifying Investors' (see question 3.7) are permitted to invest in a QIAIF (or 'Qualifying Investor' ELTIFs). As such, these shares or units can only be transferred to another 'Qualifying Investor'. It is also important for ELTIFs to comply with the 'matching' requirements under the ELTIF Rules where liquidity is being offered by way of matching transfer requests for investors seeking to exit the ELTIF with those investors looking to access or invest in the ELTIF.

2.7 Are there any other limitations on a manager's ability to manage its funds (e.g. diversification requirements, asset stripping rules)?

There are very few, if any, investment or diversification requirements that apply to QIAIFs. However, RIAIFs have certain eligible asset and diversification requirements with which they must comply, pursuant to the CBI's AIF Rulebook. The ELTIF Rules provide for prescribed eligible asset and diversification requirements applicable to ELTIFs.

AIFMD also prescribes certain asset stripping requirements where an AIF acquires control of certain non-listed companies.

2.8 Does the fund remunerate investment managers through management fee or performance fee/carried interest or by a combination of management fee and carried interest? In the case of carried interest, how is this typically structured?

An AIF would typically pay an investment manager (a) an annual investment management fee, which is typically calculated as a percentage of the AIF's Net Asset Value, and/or (b) a performance fee or carry, the calculation of which is dependent on the structure and strategy of the AIF (e.g., an annualised performance fee, whole fund carry, deal-by-deal carry, etc.).

Certain RIAIFs may also be required to comply with the European Securities and Markets Authority's ("ESMA") 'Final Report – Guidelines on performance fees in UCITS and certain types of AIFs' when calculating a performance fee or carry arrangement.

3 Marketing

3.1 What is the key legislation that governs the production and use of marketing materials?

The AIFM Regulations, AIFMD and the AIF Rulebook govern the production and use of marketing materials of AIFs. AIFMD imposes certain requirements as to the content of marketing materials, which must be complied with. In terms of cross-border distribution, the EU Cross-Border Distribution Directive (2019/1160) ("CBDD") must be adhered to. ESMA has issued guidelines on marketing communications with which marketing materials must comply.

3.2 What are the key content requirements for marketing materials, whether due to legal requirements or customary practice?

AIFMD requires that AIFMs provide transparent, clear and complete information about the AIF's investment strategy, costs and the risks involved with investing in the AIF, and all marketing materials must outline the risks and rewards associated with investment in the AIF and include clear information that is not misleading.

The fund marketing materials should include a summary of investor rights, describe the existence of the prospectus of the fund and, if applicable, the key information document ("KID"). The marketing materials should point investors to where the prospectus, KID and (if relevant) translations can be viewed.

3.3 Do marketing documents need to be registered with or approved by the local regulator?

The principal legal documents in respect of an Irish regulated AIF (i.e., the AIF's offering documents, constitutional document, material contracts, etc.) must be filed with the CBI. An AIF authorised under the RIAIF regime, or QIAIFs that market to non-professional clients (as defined under MiFID), must also produce a KID and file it with the CBI.

3.4 What restrictions (and, if applicable, ongoing regulatory requirements) are there on marketing Alternative Investment Funds?

QIAIFs are available for subscription by 'Qualifying Investors' (see question 3.7) and a QIAIF can avail of the EU marketing passport and be marketed to professional investors throughout the EU. The RIAIF cannot avail of the EU passporting regime in the same way as it is a retail product. However, importantly, an Irish ELTIF can avail of the EU marketing passport in respect of both professional and retail investors.

Before any AIF is marketed in Ireland to professional investors, the CBI must be notified.

3.5 Is the concept of "pre-marketing" (or equivalent) recognised in your jurisdiction? If so, how has it been defined (by law and/or practice)?

The AIFM Regulations provide for 'pre-marketing' in Ireland in accordance with the CBDD whereby an EU AIFM or certain third parties on behalf of an EU AIFM can engage in the provision of information or communication, directly or indirectly, on investment strategies or investment ideas in order to test the interest of professional investors, provided that such activity does not amount to an offer or placement to the potential investor to invest in that AIF.

3.6 Can Alternative Investment Funds be marketed to retail investors (including any specific treatment for high-net-worth individuals or semi-professional or similar categories)?

A QIAIF is open for subscription to 'Qualifying Investors' (see question 3.7) and can be marketed to professional investors throughout the EU under the marketing passport of the AIFM. As a RIAIF is a retail product, it cannot avail of an automatic right to passport across the EU under the AIFMD passport regime. However, Irish ELTIFs can avail of the EU marketing passport in respect of both professional and retail investors.

3.7 What qualification requirements must be met in relation to prospective investors?

To invest in a QIAIF, an investor must be deemed a 'Qualifying Investor'. A 'Qualifying Investor' includes (i) professional clients within the meaning of MiFID, (ii) an investor who receives an appraisal from an EU credit institution, a MiFID firm or a UCITS management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in a QIAIF, or (iii) an investor who certifies that they are an informed investor. 'Qualifying Investors' must make a minimum investment or commitment of €100,000 in the QIAIF. There are no such qualification requirements applicable to RIAIFs. Equally, whilst it is possible to establish a 'Qualifying Investor' ELTIF (and as such avail of the CBI's 24-hour authorisation process), retail ELTIFs may be established and authorised in Ireland and made available to retail investors in Ireland and in the EU via a retail marketing passport.

3.8 Are there additional restrictions on marketing to public bodies such as government pension funds?

Pension funds are generally regarded as professional investors under the MiFID regime, meaning that AIFs can be marketed to pension funds.

3.9 Are there any restrictions on the participation in Alternative Investment Funds by particular types of investors (whether as sponsors or investors)?

See question 3.7.

If an AIF transacts with its management company, GP, depositary, AIFM, discretionary investment manager or delegates or group companies of such bodies, the transaction needs to be in the best interests of the AIF's shareholders and negotiated at arm's length.

3.10 Are there any restrictions on the use of intermediaries to assist in the fundraising process?

No. Generally, a distributor will be appointed by the AIFM to market the AIF and the agreement appointing the distributor will likely need to be filed with the CBI.

4 Investments

4.1 Are there any restrictions on the types of investment activities that can be performed by Alternative Investment Funds?

QIAIFs are not subject to limiting investment restrictions and the range of eligible assets that a QIAIF may acquire is not restricted. AIFs that are structured as investment companies pursuant to the Companies Act 2014 (as amended) are subject to a statutory based requirement of spreading investment risk.

RIAIFs are subject to less investment and eligible asset restrictions than UCITS but are subject to a regime that is more restrictive than the QIAIF regime.

ELTIFs are restricted to investing in ELTIF and UCITS eligible investments, in addition to being subject to diversification and concentration limits in accordance with the ELTIF Rules.

Other specific fund restrictions may apply depending on the nature of the asset class or investment strategy of the AIF.

4.2 Are there any limitations on the types of investments that can be included in an Alternative Investment Fund's portfolio, whether for diversification reasons or otherwise?

See question 4.1.

If a QIAIF wishes to have direct exposure to digital assets, this will only be allowed if the depositary can satisfy its safekeeping obligations under AIFMD with respect to the digital assets.

4.3 Are there any local regulatory requirements that apply to investing in particular investments (e.g. derivatives or loans)?

See question 4.1.

There are no local regulatory requirements regarding a QIAIF's ability to invest in derivatives. However, a RIAIF is only permitted to invest in over-the-counter derivatives in accordance with the requirements of the AIF Rulebook, and ELTIFs have a limited ability to engage in derivatives.

Both QIAIFs and RIAIFs may invest in loan participations, and both QIAIFs and ELTIFs may originate loans, although promoters should consider the specific rules for AIFs that originate loans under 'AIFMD II' (e.g., risk retention, leverage and concentration limits, etc.).

4.4 Are there any restrictions on borrowing by the Alternative Investment Fund?

Under AIFMD, there are disclosure and reporting obligations imposed on the AIFM where leverage is employed by the AIF.

Under the ELTIF Rules, borrowed cash cannot represent more than 100% of the ELTIF's Net Asset Value (for ELTIFs that are marketed solely to professional investors), or 50% of the ELTIF's Net Asset Value (for ELTIFs that can be marketed to retail investors).

In Ireland, a RIAIF is not permitted to borrow in excess of 25% of its net assets, and there are no borrowing limits imposed on QIAIFs. However, AIFs that invest 50% or more directly or indirectly in Irish real estate are subject to a 60% leverage limit on the ratio of AIF's total debt to total assets.

4.5 Are there any restrictions on who holds the Alternative Investment Fund's assets?

Under AIFMD, there are strict custody requirements which AIFs and their depositaries must adhere to in order to ensure that assets are protected and that the investors' interests are safeguarded.

5 Disclosure of Information

5.1 What disclosure must the Alternative Investment Fund or its manager make to prospective investors, investors, regulators or other parties, including on environmental, social and/or governance factors?

The AIFM is required to make available certain information in advance of an investor investing in an AIF, including in relation to items such as investment strategy, distribution policy, risk profile, dealing frequency, fees and expenses, valuation, liquidity, taxation, etc. AIFMs are also subject to reporting obligations pursuant to AIFMD.

Furthermore, Regulation (EU) 2019/2088 ("SFDR") and Regulation (EU) 2020/852 (Taxonomy Regulation) set out specific disclosure requirements (whether it be pre-contractual, website or reporting disclosure requirements) relating to sustainability risks and ESG factors for AIFs. The level of disclosure required will depend on whether the AIF is to disclose pursuant to Article 6, Article 8 (i.e., for AIFs that promote an environmental or social characteristic ("Article 8 AIFs")) or Article 9 (i.e., for AIFs that have a sustainable investment objective ("Article 9 AIFs")).

5.2 Are there any requirements to provide details of participants (whether owners, controllers or investors) in Alternative Investment Funds or managers established in your jurisdiction (including details of investors) to any local regulator or record-keeping agency, e.g., for the purposes of a public (or non-public) register of beneficial owners?

Under the EU Anti-Money Laundering Directives, EU corporate and legal entities (including AIFs) are required to hold the details of their beneficial owners, which then must be filed with a central register (which may be held by the CBI or the Companies Registrations Office depending on the legal structure of the AIF).

5.3 What are the reporting requirements to investors or regulators in relation to Alternative Investment Funds or their managers, including on environmental, social and/or governance factors?

RIAIFs, QIAIFs and ELTIFs are required to submit to the CBI an annual audited report within six months of the end of the AIF's financial year. Further, each RIAIF, and each QIAIF or ELTIF established as a unit trust or CCF, must also publish a half-yearly report, which must be filed with the CBI within two months of the period to which it relates. QIAIFs, RIAIFs and ELTIFs are also required to file monthly, quarterly and annual

reports with the CBI, and it is typically the AIFM or the administrator that will arrange for same on behalf of the relevant AIF.

As it relates to ESG, SFDR requires that additional information be included in the annual reports of Article 8 AIFs and Article 9 AIFs.

Finally, an AIFM authorised in Ireland by the CBI is required to prepare and submit half-yearly financial and annual audited accounts to the CBI.

5.4 Is the use of side letters restricted?

An AIF can enter into side letters to provide for special arrangements to a particular investor in accordance with AIFMD, and in particular the rules in relation to preferential treatment, it being noted that such treatment must not result in an overall material disadvantage to the other investors in the AIF and the AIFM will have disclosure requirements associated with such preferential treatment.

6 Taxation

6.1 What is the tax treatment of the principal forms of Alternative Investment Funds and local asset holding companies identified in question 2.1?

Generally, an AIF which is an authorised 'investment undertaking' (which includes ICAVs, units trusts and investment companies) is exempt from Irish tax on its income and gains. However, an investment undertaking must withhold tax in respect of certain 'chargeable events' that arise in relation to certain investors.

For this purpose, a chargeable event includes:

- the making of a distribution or payment to the investor;
- the redemption, cancellation or repurchase of units in the investment undertaking;
- the transfer of units by the investor; or
- the ending of a relevant period (generally, eight years from the date of acquisition of the units in the investment undertaking by the investor).

On the occurrence of a chargeable event in respect of an Irish resident investor (other than certain exempt Irish investors), tax will arise at a rate of 41% where the investor is an individual or 25% where the investor is a body corporate which has made the appropriate declaration to the AIF.

No tax is required to be withheld by the AIF in respect of chargeable events arising in respect of non-Irish resident investors, where the AIF is in possession of a declaration of non-residence from the investor in the prescribed form.

Particular rules apply to investment undertakings which are IREFs (broadly, where 25% or more of the market value of its assets are derived from Irish land or buildings).

ILPs are transparent for the purposes of Irish tax. Relevant income, gains and losses, as the case may be, in relation to an ILP are treated as arising or accruing, as the case may be, to each partner of the ILP in accordance with the apportionment of such relevant income, gains or losses under the partnership agreement, as if the relevant income, gains or losses had arisen or accrued, as the case may be, to the partner directly.

6.2 What is the tax treatment of the principal forms of investment manager/adviser identified in question 2.4?

Generally, Irish corporate investment managers and advisers

are subject to Irish corporation tax at a rate of 12.5% on taxable profits arising from their trading activities.

6.3 Are there any establishment or transfer taxes levied in connection with an investor's participation in an Alternative Investment Fund or the transfer of the investor's interest?

Generally, transfer taxes are not payable on the issue or transfer of shares in AIF. However, Irish stamp duty may apply if shares are subscribed for, or redeemed by, an *in specie* transfer of assets. Separately, in certain circumstances, Irish stamp duty at a rate of 7.5% may arise on the transfer of units in an IREF.

6.4 What is the local tax treatment of (a) resident, (b) non-resident, and (c) pension fund investors (or any other common investor type) in Alternative Investment Funds?

As set out at question 6.1, authorised investment undertakings are required to withhold tax in respect of chargeable events in respect of Irish resident investors at a rate of 41% or 25%, as appropriate.

Particular rules apply to the taxation of investors in investment undertakings which are IREFs.

6.5 Is it necessary or advisable to obtain a tax ruling from the tax or regulatory authorities prior to establishing an Alternative Investment Fund or local asset holding company?

It is not necessary to obtain a tax ruling from the tax or regulatory authorities prior to establishing an AIF or local asset holding company.

6.6 What steps have been or are being taken to implement the US Foreign Account Tax Compliance Act 2010 (FATCA) and other similar information reporting regimes such as the OECD's Common Reporting Standard?

The obligations of Irish financial institutions (which generally includes AIFs) under FATCA are covered by the provisions of the Ireland/US Intergovernmental Agreement ("IGA") and the Financial Accounts Reporting (United States of America) Regulations 2014 ("Regulations"). Under the IGA and the Regulations, financial institutions are required to report annually to the Revenue Commissioners details of its US account holders including the name, address and taxpayer identification number and certain other details.

The Common Reporting Standard is implemented in Ireland pursuant to the Returns of Certain Information by Reporting Financial Institutions Regulations 2015, S.I. 583 of 2015, made under Section 891F of the Taxes Act. Under these regulations, the fund is required to obtain and report to the Revenue Commissioners annually certain financial account and other information for all non-Irish and non-US accountholders in respect of their shares/units.

6.7 What steps have been or are being taken to implement the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), in particular Actions 2 (hybrids/reverse hybrids/shell entities) (e.g. ATAD I, II

and III), 6 (prevention of treaty abuse) (e.g. the MLI), and 7 (permanent establishments), insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

As part of its implementation of a number of the OECD BEPS concluding reports across the EU, the EU Council adopted ATAD 1 and ATAD 2 (together, the "ATADs") to provide for minimum standards for counteracting hybrid mismatches involving Member States and third countries. Ireland has fully transposed the ATADs. The ATADs provide for an 'interest limitation rule', which restricts the deductibility of the entity's net borrowing costs (being the amount by which its borrowing costs exceed its taxable interest revenues and other economically equivalent taxable revenues) to the higher of (a) €3 million, or (b) 30% of its EBITDA. The ATADs also provide for hybrid mismatch rules that are designed to neutralise arrangements where amounts are deductible from the income of one entity but are not taxable for another, or the same amounts are deductible for two entities by denying a deduction for the paying entity.

Separately, outbound payments defensive measures were implemented in Ireland with effect from 1 April 2024. The outbound payments rules disapply certain Irish withholding tax exemptions to payments of interest, royalties and dividends/distributions between associated entities where the recipient is resident in, or created under, the laws of either a jurisdiction on the EU list of non-cooperative jurisdictions for tax purposes or a 'zero-tax jurisdiction'.

6.8 What steps have been or are being taken to implement the OECD's Global Anti-Base Erosion (GloBE) rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations? Do the domestic rules depart significantly from the OECD's model rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

The Irish Finance Act (No.2) 2023 implemented the OECD GloBE Rules on Pillar 2, which introduces a global minimum tax of 15% into Irish law for fiscal years commencing on, or after, 31 December 2023 ("Irish Pillar 2 Rules"). Under the Irish Pillar 2 Rules, a minimum effective tax rate of 15% applies to certain multinational enterprises and large-scale domestic groups with consolidated group revenue in excess of €750 million in two of the preceding four fiscal years.

The Irish Pillar 2 Rules contain several exclusions that may apply to investment entities. Where a fund vehicle is both an 'investment fund' and an 'excluded entity' under the Irish Pillar 2 rules, it will generally fall outside the scope of the rules.

6.9 Are there any tax-advantaged asset classes or structures available? How widely are they deployed?

In certain specific circumstances, tax-advantaged asset classes and structures may be available and can be deployed on a bespoke basis in particular situations.

6.10 Are there any other material tax issues for investors, managers, advisers or AIFs?

The provision of collective portfolio management services to Irish AIFs are exempt from Irish VAT.

6.11 Are there any meaningful tax changes anticipated in the coming 12 months other than as set out at question 6.6 above?

The Funds Sector 2030 Report ("Report") was published by the Department of Finance of Ireland on 22 October 2024. The Report recommends several changes to the Irish taxation regime for funds. Among other changes, the Report recommends removing of the eight-year deemed disposal requirement for Irish-domiciled funds and a realignment of the Investment Undertaking Tax rate of 41% with the current Irish Capital Gains Tax rate of 33%.

7 Trends and Reforms

7.1 What have been the main trends in the Alternative Investment Funds space in the last 12 months?

There has been a substantial increase in the number of private funds establishing in Ireland, and in particular, private credit funds, not least due to the significant tax advantage Ireland has when compared to other fund domiciles, particularly for US-focused credit strategies.

Ireland has also been a very popular jurisdiction for ELTIFs, noting in particular the unique 24-hour authorisation process available for 'Qualifying Investor' ELTIFs, and we anticipate that trend to continue.

Finally, despite some of the market commentary or sentiment towards ESG and sustainability, we continue to see managers embrace SFDR and launch Article 8 AIFs and Article 9 AIFs.

7.2 In your opinion, what reforms (if any) in the Alternative Investment Funds space would be advantageous for the evolution of the private markets?

A greater focus on the 'retailisation' or 'democratisation' of AIFs would be welcomed. AIFMD has been instrumental in enhancing investor protection within AIFs, although under AIFMD, the marketing passport only permits AIFs to be marketed to professional clients (within the meaning of MiFID), meaning that it is difficult for non-professional clients (or retail investors) to gain access to AIFs, and importantly, the associated investment returns. The ELTIF is a step in the right direction, having the ability to pursue private fund type strategies, whilst also being able to market to retail investors with a retail marketing passport. Further reform or innovation in this space would be welcomed (e.g., reform of the Irish RIAIF regime and/or extending the AIFMD marketing passport to certain types of retail investors which may not necessarily meet the professional client definition under MiFID).

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