



INVESTMENT FUNDS

Ireland: A market leader

Ireland is regarded internationally as one of the premier global locations for establishing and administering investment funds, writes **Darragh Murphy** and **Anna Moran**.

Along with Ireland's broader international financial services sector, the funds industry has developed and thrived over recent decades in no small part due to the flexible, positive and innovative nature of the jurisdiction and its participants.

The combination of expertise of the Irish service providers and advisers, together with the pragmatic and adaptable regulatory framework for funds, has been a primary driver of the industry's growth.

The Central Bank as the body responsible for the authorisation and regulation of investment funds in Ireland, has approached its role with pragmatism, and transparency, while at the same time fostering a sophisticated regulatory environment focussed on investor protection and quality of regulation.

Irish investment funds are versatile, accommodating a wide range of structures and investment policies. Since 1989, the UCITS product has evolved and developed to encompass much broader asset class eligibility criteria. A market leader in UCITS funds, Ireland has a strong tradition in particular UCITS market segments, for example, money market funds and ETFs, while at the same time, leading the way in the cross-border distribution of UCITS funds to global markets.



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Being the only English-speaking country in the eurozone, combined with a common law jurisdiction and a 'can-do' attitude towards business has led to Ireland becoming the domicile of choice for UK, US and Asian managers.

In the alternatives space, the introduction of the AIFMD has created a single European market for all types of alternative funds including sophisticated hedge funds, private equity funds, infrastructure funds and, of particular current interest to investors and managers, property funds.

The funds industry, in collaboration

The adaptability of the Irish funds industry in delivering innovative products to the market highlights the flexible and nature of the industry.

with the Central Bank is at the forefront in adapting and reacting to regulatory developments both on a domestic and European level. As recently as September, the Central Bank introduced a new regime - the first of its kind in Europe - permitting authorised loan originating funds. This new regime was intended to assist in meeting the demand for much needed alternative sources of credit as well as the demand for pooled exposure to this sector. The launch of the regime was endorsed by the Irish funds industry and the wider business community.

Another positive step comes in the form of the eagerly anticipated Irish Collective Asset-management Vehicle (ICAV), which is expected to be introduced into Irish law before the end of this year. The ICAV facilitates the establishment of a new form of Irish corporate fund. The new vehicle is intended to provide managers and promoters with a bespoke structure that is designed specifically for funds and which is not subject to rules or requirements designed for other forms of company, thereby helping to reduce administrative burden and costs.

One of the objectives of the ICAV regime is to permit the establishment of an Irish authorised corporate fund that can, under US tax rules, make an election to be treated as a flow-through or partnership for US tax purposes. This should make the Irish corporate fund structure more attractive to US taxable investors.

The willingness and adaptability of the Irish funds industry in delivering innovative products to the market highlights the flexible and positive nature of the industry. It also highlights the Irish Government and Central Bank's commitment to the industry and their shared willingness to work with industry to embrace opportunities and to further develop the regulatory landscape with a view to enhancing the attractiveness of Ireland as a funds domicile.

The funds industry is the single largest employer in the Irish international financial services sector and the Irish Government has committed to supporting growth in this area. The energy and sense of joint public/private sector participation that originally underpinned the successful development of Ireland's financial services sector continues to grow. ■