

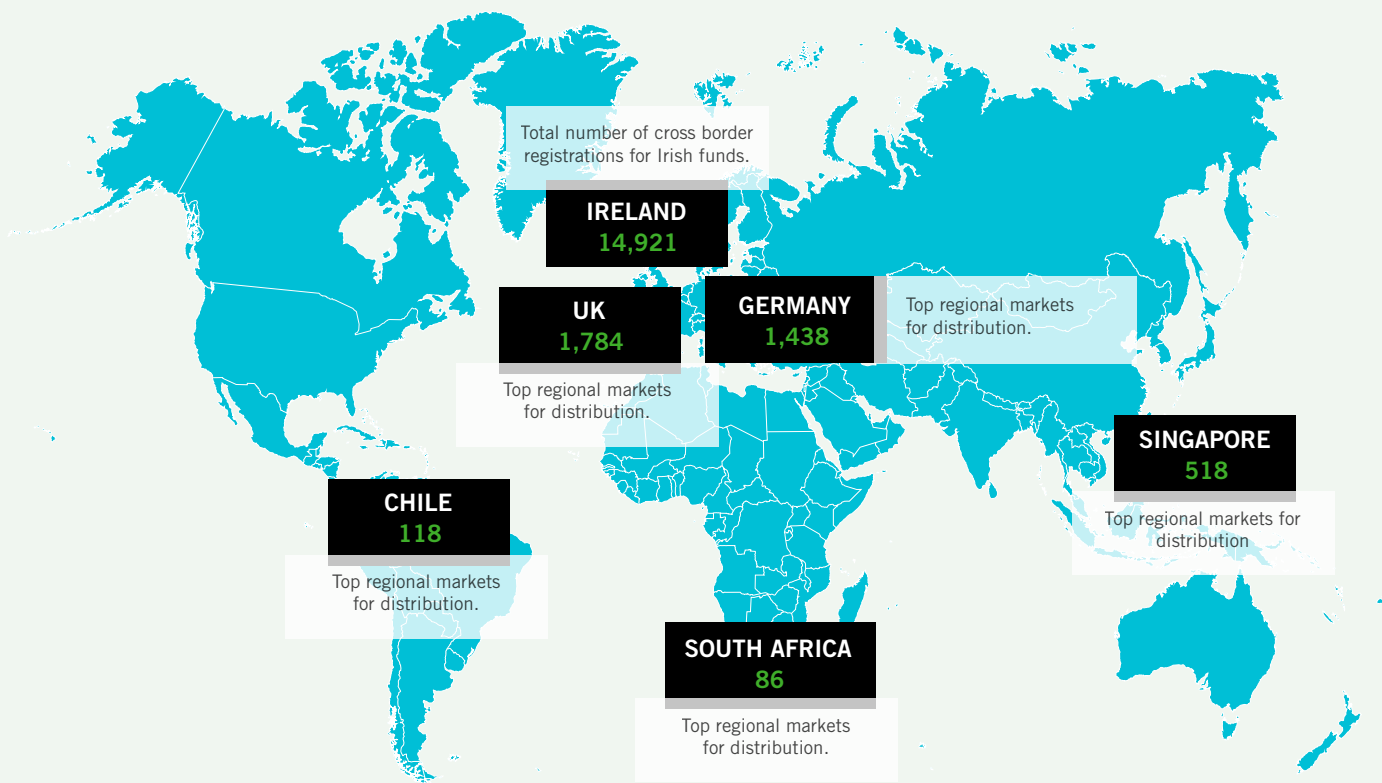
A large, semi-transparent globe is centered in the middle of the page. A faint line graph is overlaid on the globe, showing a fluctuating trend. The globe is set against a background that transitions from white at the top to a solid green at the bottom. The text 'IRELAND: A GUIDE TO INTERNATIONAL FUND DISTRIBUTION' is written in white, uppercase, sans-serif font across the lower half of the globe.

IRELAND: A GUIDE TO INTERNATIONAL FUND DISTRIBUTION

irishfunds.ie

DISTRIBUTION SNAPSHOT

Total number of Cross Border Registrations for Irish Funds



Total number of Irish funds: **5833**
Total AUM: **€1,661 bn**
Compound growth rate of AUM: over 10 years **14.4%**
(Central Bank of Ireland, as at December 2014)

SOURCE: Lipper IM, as at April 2015

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WHY CHOOSE IRELAND AS YOUR DOMICILE FOR INTERNATIONAL FUND DISTRIBUTION



ACCESS - Distribute to investors via the EEA* passport across the European market consisting of 500 million consumers



EXPERIENCE - For nearly 30 years Ireland has been an established international fund centre



SCALE - Largest hedge fund administration centre in the world, over 40% of global hedge fund assets are serviced here



LEADING - Ireland is a leading domicile for UCITS funds, accounting for almost 80% of assets of Irish domiciled funds



TAX - Ireland is an internationally recognised open and tax efficient jurisdiction with over 70 double taxation agreements



TALENT - Over 13,000 highly educated professionals dedicated to the funds industry



REGULATED - Ireland has a highly internationally regarded regulatory regime and Irish funds are distributed in over 70 countries



1st - For peoples flexibility and adaptability¹



1st - For inward investment by quality and value²



TOP 10 Consistently rated a Top 10 location by the World Bank for ease of doing business

Ireland continues to innovate

- 1st in the world for R&D activities³
- First country in Europe to issue its rule book on AIFMD (Alternative Investment Fund Manager's Directive)
- In 2015 Ireland introduced the ICAV, a new corporate vehicle designed for Irish investment funds that now sits alongside the public limited company (plc). The ICAV is a tailor-made corporate fund vehicle for both UCITS and AIFs
- Ireland has a sophisticated and scalable transfer agency environment as evidenced by the 83% average STP rate within the Irish Transfer Agency Sector. This is the best in Europe⁴

“THE FUNDS INDUSTRY IS MAKING A SIGNIFICANT CONTRIBUTION... EMPLOYING OVER 13,000 PEOPLE ACROSS IRELAND, MANY OF WHOM ARE SOME OF OUR BEST AND BRIGHTEST TALENT. THE INDUSTRY IS ONE OF THE STAR PERFORMERS OF THE IRISH ECONOMY....”

MR. ENDA KENNY, IRISH TAOISEACH (PRIME MINISTER), JUNE 18TH 2014

*EEA means 28 EU member states plus Iceland, Liechtenstein and Norway

¹ IMD World Competitive Yearbook 2014

² IBM 2014 Global Location Trends Report

³ IMD World Competitive Yearbook 2014

⁴ EFAMA Swift Fund Processing Standardisation Report mid-year, 2014

DISTRIBUTION NUMBERS

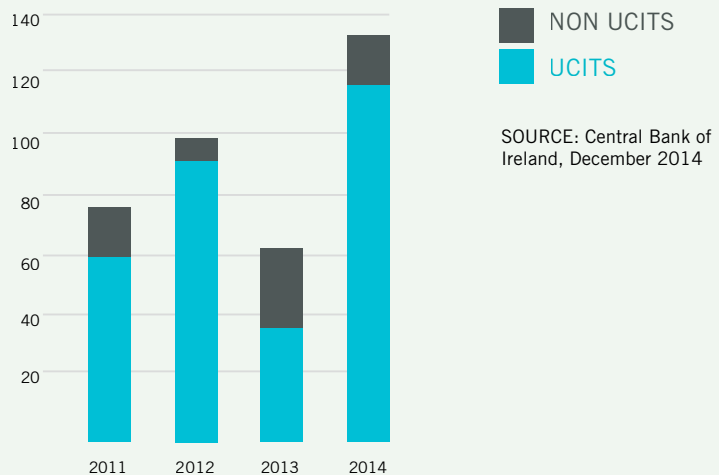
Ireland's Profile

Ireland is a centre of excellence for UCITS fund products with almost 80% of Irish domiciled funds falling under the UCITS regime. Ireland is the fastest growing major cross border UCITS domicile in Europe and is the leading jurisdiction for two of the main types of UCITS - Exchange Traded Funds (ETFs) and Money Market Funds. Over the course of 2014, UCITS net assets in Ireland increased by 22.1% to €1.3 trillion. Irish UCITS funds are widely distributed across 70 countries globally.

Ireland is a jurisdiction that is synonymous with hedge funds; it is the largest hedge fund domicile in Europe with over 2,200 funds with more than €400 billion in assets.⁵ Over 40% of global hedge funds are serviced in Ireland accounting for approximately €2 trillion in assets. Ireland was the first jurisdiction to provide a regulated framework specifically for the hedge funds industry and remains at the forefront in preparing for, and reacting to, regulatory and market developments.

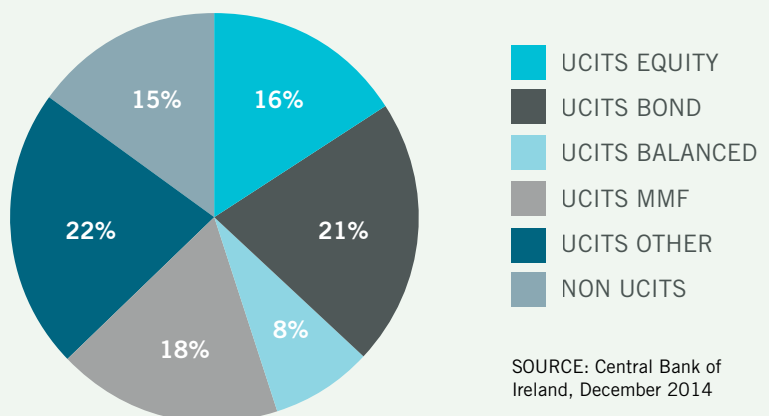
Irish funds continually attract high levels of net sales with 2014 being a particularly strong year seeing net sales across UCITS and Non-UCITS of more than €130 billion.

Net Sales into Irish Funds €BN



Net Sales in 2014 were positive in all categories of asset type as indicated by the break down below.

Net Sales into Irish Funds by Asset Type



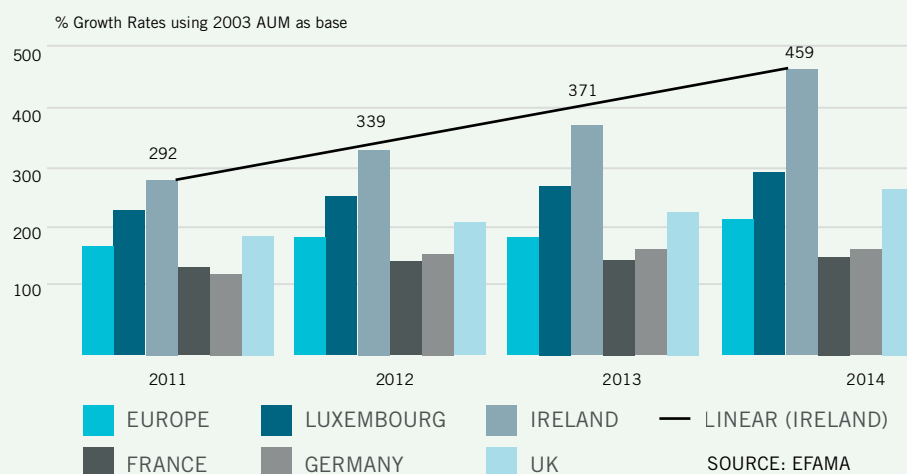
⁵Central Bank of Ireland February 2015

DISTRIBUTION NUMBERS

Growth Rates for 5 largest European Fund Domiciles 2011-2014

Exceptional net sales into Irish funds contributed to the strong growth rate of AUM. Ireland ranks consistently as the strongest growing major fund domicile in Europe over the last 10 years.

We have a technology and service mentality to meet the requirements of an evolving global investor base for funds across multiple domiciles.



Top 25 countries where Irish funds are registered for Sale

COUNTRY	NO. OF FUNDS 2013	NO. OF FUNDS 2015	MOVEMENT Over 2 Year Period
UK	1,426	1,784	▲
Germany	1,228	1,438	▲
Switzerland	907	1,186	▲
France	776	1,093	▲
Netherlands	866	985	▲
Austria	788	963	▲
Luxembourg	815	962	▲
Spain	732	885	▲
Sweden	659	878	▲
Italy	749	846	▲
Finland	399	628	▲
Singapore	439	518	▲
Norway	337	484	▲
Denmark	281	415	▲
Belgium	271	284	▲
Portugal	106	246	▲
Hong Kong	222	227	▲
Macau	138	162	▲
Taiwan	169	145	▼
Chile*	n/a	118	▲
Guernsey	89	86	▼
Peru	97	86	▼
South Africa	55	86	▲
Greece	77	54	▼
Bahrain	56	49	▼

SOURCE: Lipper IM April 2015
*New to the Top 25

DISTRIBUTION NUMBERS

Distribution Channels

The table below outlines the main distribution channels in the key fund distribution countries in Europe. Banks are the largest channel by far. There has been much debate over the years as to whether this route to investors will be replaced by other channels.

Key European Fund Distribution Channels

	BANKS PRIVATE & RETAIL	INSURANCE / WRAPPERS	FUND OF FUNDS (FOFs)	IFA / PLATFORMS DISTRIBUTION CO's	OTHER FINANCIAL INSTITUTIONS i.e. PENSIONS
Austria	✓	✓	✓	✓	✓
Belgium	✓	✓			
Denmark	✓			✓	✓
Finland	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓
Gibraltar	✓	✓	✓	✓	✓
Guernsey	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓
Isle of Man	✓	✓	✓	✓	✓
Jersey	✓	✓	✓	✓	✓
Italy	✓	✓	✓		
Luxembourg	✓	✓	✓	✓	✓
Malta	✓		✓	✓	✓
Netherlands	✓	✓		✓	
Portugal	✓				✓
Spain	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓

SOURCE: PwC Research, 2014

DISTRIBUTION NUMBERS

Ireland services global asset managers, sophisticated alternative managers and products for funds across multiple domiciles as demonstrated in the list of Top 50 Promoters of Irish Domiciled Funds

Top 50 Promoters of Irish Domiciled Funds (Ranked by AUM)

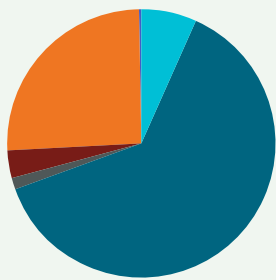
PROMOTER	ORIGIN	AUM IN BILLIONS (\$)	PROMOTER	ORIGIN	AUM IN BILLIONS (\$)
BlackRock Financial Management	US	390	Robusta Asset Management	IRE	13
PIMCO	US	144	First State Investments	Australia	13
Goldman Sachs	US	93	Findlay Park Investment Management	UK	12
Insight Investment	UK	89	Wellington Management International	US	12
Vanguard Group	US	62	Standard Life Investments	UK	12
State Street	US	46	Source	UK	11
HSBC	UK	45	Hewitt Risk Management Services	UK	11
Legal & General	UK	45	Polar Capital Partners	UK	11
Russell Investments	US	44	GLG	UK	10
Deutsche Bank/DWS	GER	41	Barclays	UK	10
Mediolanum	Italy	37	Babson Capital Management	US	10
Mercer Global Investments	UK	32	Coronation Asset Management	SA	10
Baring Asset Management	UK	29	LGT Capital Partners	Liechtenstein	10
Aberdeen Asset Managers	UK	29	Veritas Asset Management	UK	9
Ignis Asset Management	UK	27	Hermes	UK	9
Northern Trust	US	26	Dimensional Fund Advisors	UK	9
Dreyfus Corporation	US	26	JO Hambro Capital Management	UK	8
Neuberger Berman	US	25	Towry Law	UK	8
SEI	US	21	Janus International	US	8
Legg Mason Group	US	21	Architas Multi-Manager	UK	7
Muzinich & Co.	US	20	Lazard Asset Management	UK	7
Stone Harbor Investment Partners	UK	20			
BNY Mellon	US	19			
Invesco	UK	18			
Aviva Investors	UK	18			
M&G	UK	15			
Anima	Italy	15			
GAM	UK	14			
Marshall Wace Asset Management	UK	14			
			TOTAL		1,635

SOURCE: Monterey Fund Report 2014

DISTRIBUTION NUMBERS

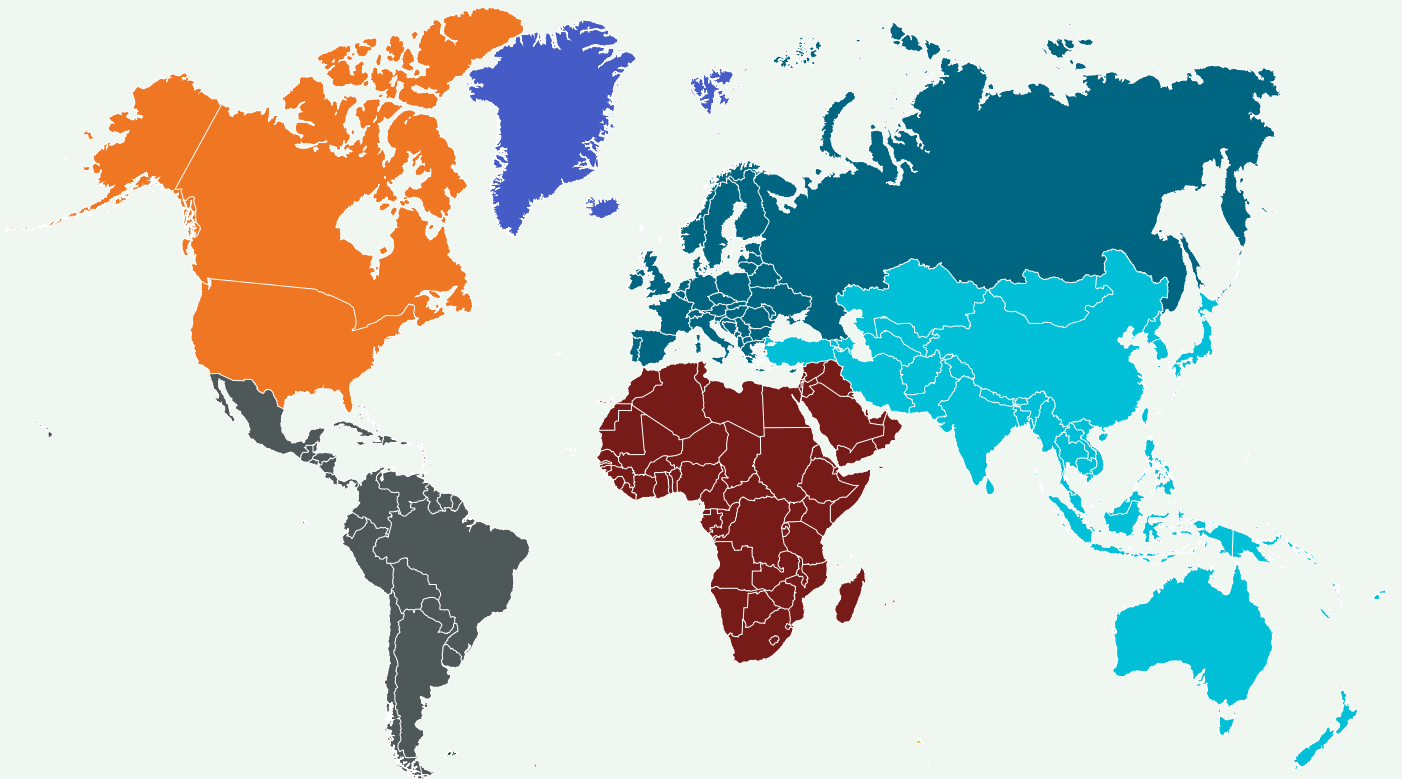
Top 50 Promoters | Fund distribution - Number of Promoters of Irish Domiciled Funds by Geographic Spread

NO OF PROMOTERS BY REGION



286	Europe
116	North America
31	Asia Pacific
15	Middle East & Africa
6	Latin America
1	Other

Grand total **455**



SOURCE: Monterey Fund Report, 2014

DISTRIBUTION NUMBERS

Languages & Currencies

With 27 languages and 23 currencies supported, Ireland is well positioned to meet the needs of both institutional and retail investors.

Ireland caters for a significant number of retail individuals who represent 21% of our investor base

EUROPE

English
French
German
Portuguese
Italian
Russian
Polish
Norwegian
Slovak
Spanish
Greek
Hungarian
Latvian
Swedish
Czech
Danish
Dutch
Finnish

ASIA

Mandarin
Cantonese
Malay-
Indonesian
Japanese
Filipino
Thai

MIDDLE EAST

Arabic

AMERICAS

Portuguese
Spanish
English

AFRICA

Afrikaans
Arabic
French
Portugese

CURRENCY SUPPORT

AUD	Australian	Dollar
BRL	Brazilian	Real
CAD	Canadian	Dollar
CHF	Swiss	Franc
CZK	Czech	Koruna
DKK	Danish	Krone
EUR	Euro	Euro
GBP	British	Pound
HKD	Hong Kong	Dollar
ILS	Israeli	New Shekel
INR	Indian	Rupee
JPY	Japanese	Yen
KRW	Korean	Wan
MYR	Malaysian	Ringgit
NOK	Norwegian	Kroner
NZD	New Zealand	Dollar
PLN	Polish	Zloty
RMB	Chinese	Renminbi
SEK	Swedish	Krona
SGD	Singapore	Dollar
THB	Thai	Baht
USD	US	Dollar
ZAR	South African	Rand

Countries of Distribution Support

Irish fund administrators provide distribution support to Irish and non-Irish domiciled funds in over 160 countries.

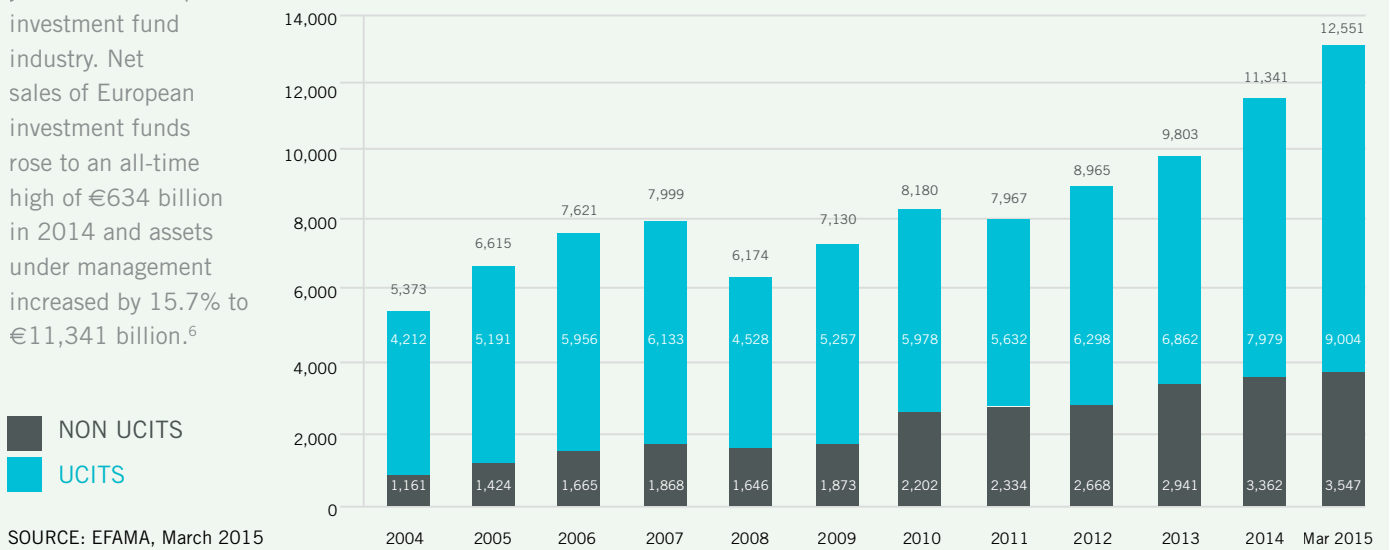
American Samoa	Botswana	Costa Rica	Ghana	Jordan	Mozambique	Romania	Tajikistan
Andorra	Bouvet Island	Croatia	Gibraltar	Kazakhstan	Namibia	Russia	Tanzania
Angola	Brazil	Cyprus	Greece	Kenya	Nepal	San Marino	Thailand
Anguilla	British Indian	Czech Republic	Greenland	Kuwait	Netherlands	Saudi Arabia	Trinidad
Antigua & Barbuda	Ocean Territories	Denmark	Guadeloupe	Latvia	New Caledonia	Serbia	&Tobago
Antilles	British Overseas Territories	Dominican Republic	Guatemala	Lebanon	New Zealand	Montenegro	Tunisia
Argentina	British Overseas Territories	Ecuador	Guernsey	Liechtenstein	Nicaragua	Seychelles	Turkey
Armenia	British Virgin Islands	Egypt	Guyana	Lithuania	Nigeria	Singapore	Turks and Caicos Islands
Aruba	Brunei	El Salvador	Haiti	Luxembourg	Norway	Slovakia	Uganda
Australia	Bulgaria	Eritrea	Honduras	Macau	Oman	Slovenia	Ukraine
Austria	Cambodia	Estonia	Hong Kong	Madagascar	Pakistan	Solomon Islands	UAE
Azerbaijan	Cameroon	Ethiopia	Hungary	Malawi	Panama	South Africa	UK
Bahamas	Canada	Falkland Islands	Iceland	Malaysia	Papua New Guinea	South Korea	Uruguay
Bahrain	Caribbean Islands	Fiji	Ireland	Maldives	Paraguay	Spain	US Virgin Islands
Bangladesh	Chile	Finland	Isle of Man	Malta	Peru	Sri Lanka	USA
Barbados	China	France	Israel	Martinique	Philippines	St. Helena	Venezuela
Belgium	Cayman Islands	French Polynesia	Italy	Mauritius	Poland	Suriname	Vietnam
Belize	Chile	Gabon	Jamaica	Mexico	Portugal	Swaziland	West Indies
Benin	China	Gambia	Japan	Monaco	Puerto Rico	Sweden	Zambia
Bermuda	Columbia	Germany	Jersey	Montserrat	Qatar	Switzerland	
Bolivia	Cook Islands			Morocco	Reunion	Taiwan	

SOURCE: Irish Funds, May 2015

DISTRIBUTING IRISH FUNDS IN EUROPE

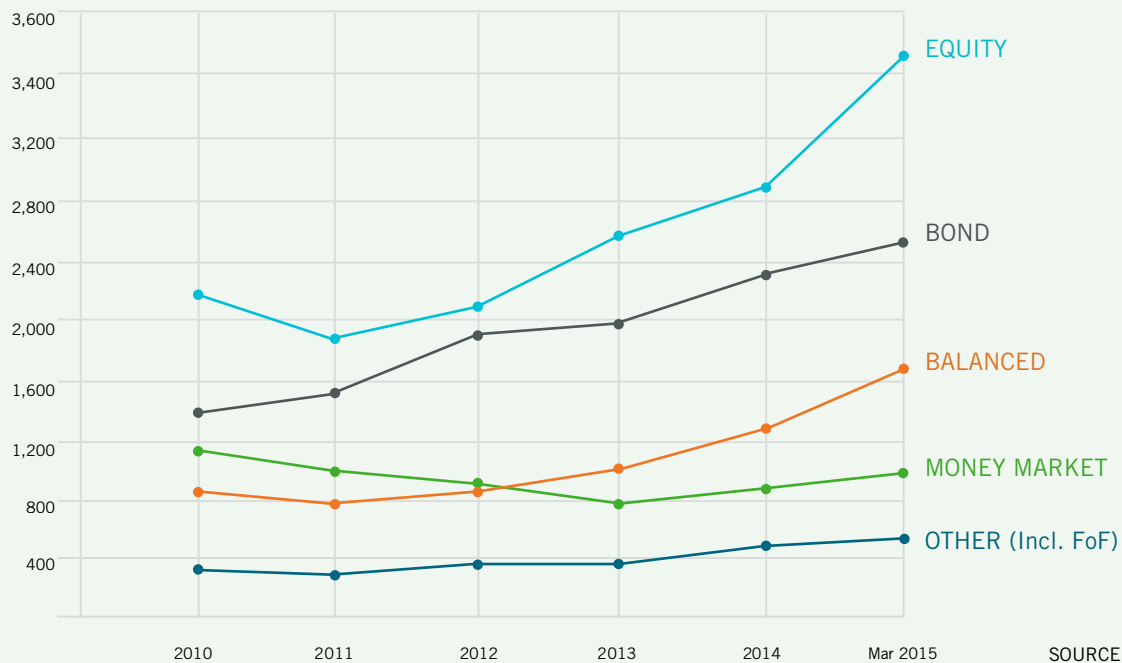
2014 was a record year for the European investment fund industry. Net sales of European investment funds rose to an all-time high of €634 billion in 2014 and assets under management increased by 15.7% to €11,341 billion.⁶

Net Assets of European Investment Funds €BN



SOURCE: EFAMA, March 2015

Recent Trends in Assets by UCITS Type €BN

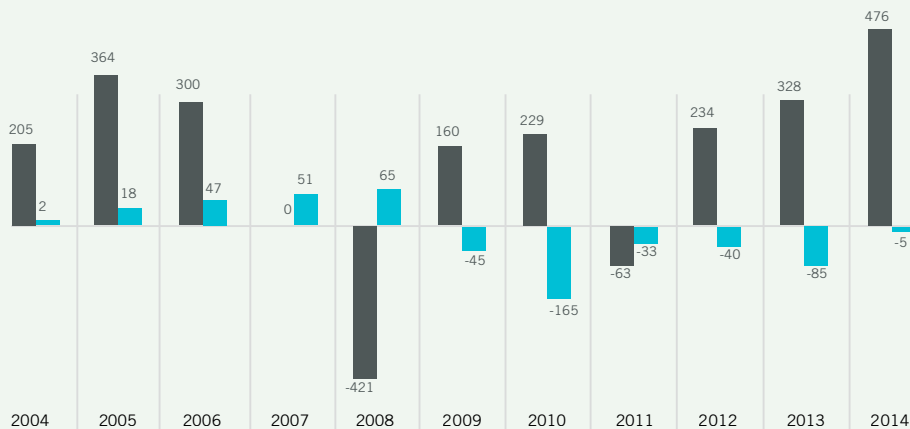


SOURCE: EFAMA, March 2014

⁶Source: EFAMA, 2014

DISTRIBUTING IRISH FUNDS IN EUROPE

Net Sales of Long-term UCITS and Money Market Funds €BN



LONG TERM UCITS
 MONEY MARKET FUNDS

SOURCE: EFAMA, December 2014

European investment funds are either regulated as UCITS funds under the UCITS directive or as non-UCITS or alternative investment funds (AIFs) under the Alternative Investment Fund Managers Directive (AIFMD). 2014 was an excellent year of growth in the European Funds Industry. Net assets of UCITS increased by 16.3% to €7,979 billion and net assets of non-UCITS increased by 14.3% to €3,362 billion.⁷

This growth has continued into 2015. AUM in UCITS funds increased to €9,004 billion and net assets of non-UCITS increased by to €3,547 billion.⁸

Europe ranks as the second largest market in the global asset management industry, managing 35% of the estimated €32 trillion global mutual fund assets at end 2014.⁹

UCITS

The UCITS product has been hugely successful since its inception in 1985. Now almost 30 years old, UCITS have gone from strength to strength, with 36,148 UCITS funds with €7,979 billion in assets as of 31 December 2014, according to EFAMA.

Europe is the most popular market for distributing UCITS funds, with over

63,000 registrations at the end of April 2015.¹⁰

This is over 5 times more than the next highest investing region, the Asia Pacific region, followed by the Americas and then the Middle East / Africa region.

Europe is therefore a market that should not be ignored by asset managers

looking to raise assets. Many European investors look for the protection of the UCITS framework when making investments.

The top 10 European countries of distribution are Germany, Switzerland, Austria, France, UK, Netherlands, Spain, Italy, Sweden and Finland.

⁷ EFAMA Q4 2014 Quarterly Statistical Release

⁸ EFAMA February 2015 Monthly Statistical Release

⁹ EFAMA February 2015 Monthly Statistical Release

¹⁰ Lipper IM April 2015

DISTRIBUTING IRISH FUNDS IN EUROPE

The UCITS Passport – How does it work?

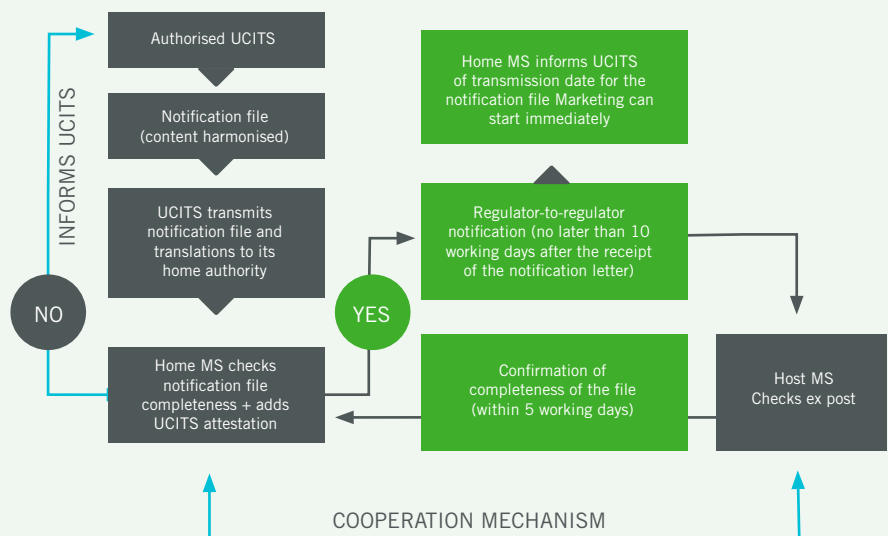
UCITS funds benefit from a European Economic Area (EEA) wide “passport” which means that once they are authorised in one EEA member state, they can be sold in any other EEA member state without the need for any additional authorisation. This is called the notification procedure.

The home state regulator has 10 working days from the receipt of the notification file to notify the host state regulator. The host state regulator has at most 5 working days to confirm to the home state regulator that the notification file has been received and the documents are printable and readable. The notification process is outlined in the diagram.

List of Documents to be provided

- A notification letter - this is in a standard format and contains three sections of information relevant to the UCITS itself and the proposed marketing of UCITS in each host EEA member state. There must be a notification letter for each host EEA member state in which the UCITS wishes to publicly market its shares or units;
- Fund rules or its instruments of incorporation;
- Prospectus;
- Latest annual report and any subsequent half-yearly report; and
- Key investor information document (KIID)

UCITS Notification Process



The notification letter for the attention of the host regulator to market a fund in a particular country must provide the following information:

1. Type/name of the entity in charge of the marketing of UCITS in the particular country.
2. Details of the paying agent where applicable.
3. Details of any person from whom investors may obtain information and documents.
4. Name and place of the entity where the investors may obtain the net asset values, issue and redemption prices, the last prospectus, the last financial reports, the fund rules/ articles of incorporation and as far as enabled, access to the contracts arranged with the UCITS.

5. Any other information required by the host regulator in terms of details of any information disclosed to unit holder or their agents.
6. Details of the use of any exemptions that are available in a country in relation to marketing arrangements.

Some countries may require additional documentation in the form of a prospectus supplement or may have specific service provider requirements, such as a local representative and/ or a paying agent. The procedure for selling UCITS funds outside of the EEA is country specific and would need to be considered on a country by country basis.

DISTRIBUTING IRISH FUNDS IN EUROPE

Alternative Investment Funds (AIFs)

The Alternative Investment Funds industry includes hedge funds, private equity, venture capital and real estate funds. Assets in hedge funds are mostly domiciled offshore or structured as limited partnerships in the US. Key domiciles for hedge funds outside of Europe are the US, Cayman, Australia and Brazil. The key domiciles in Europe are Ireland, Sweden, Netherlands, Guernsey, Luxembourg, France, UK, Finland and Jersey.

Any asset managers wishing to market and distribute AIFs in Europe will now have to carefully consider the implications of the Alternative Investment Fund Managers Directive (AIFMD) on how they can approach the distribution of their funds in Europe. The location of the Alternative Investment Fund Manager (AIFM) and the location of the AIF to be distributed will have a direct impact on the extent to which AIFMD compliance will be required.

All AIFMs located in the EEA whether they manage EEA or non-EEA AIFs fall within the scope of AIFMD. The AIFMD also captures the marketing within the EEA of AIFs managed by an AIFM located outside the EEA (non-EEA AIFM). Under the AIFMD, EEA AIFMs can now avail of a marketing passport

to distribute AIFs within the EEA, similar to the UCITS Directive. The two types of AIFs which can be established are the Qualifying Investor Alternative Investment Fund (QIAIF) and the Retail Investor Alternative Investment Fund (RIAIF). QIAIFs are subject to a €100,000 (or equivalent in other currencies) minimum subscription requirement and can only be “marketed” (i.e. using the passport) to “professional investors”, There is a higher €500,000 (or equivalent in other countries) for QIAIFs which invest more than 50% of net assets in unregulated funds.

There are two ways to sell AIFs to European investors:

1. The AIFMD passport can be used if a fund promoter has an AIFM based in an EEA member state with a European domiciled AIF or alternatively the fund promoter establishes an EEA domiciled self-managed AIF (which is authorised both as the fund and the AIFM). From mid 2015, EEA and non-EEA AIFMs may also have the possibility of using the marketing passport for non-EEA AIFs (depending on the outcome of decisions by the European Commission).

2. Non-EEA managers with structures may continue to be distributed in various European countries using National Private Placement Rules (NPPRs) for as long as they remain available for use. However, these NPPRs are constantly evolving across territories and are due to be assessed by the European Commission between the end of 2017 and July 2018. This could potentially result in the phasing out of such NPPRs.

¹³Lipper for Investment Managers, November 2013

DISTRIBUTING IRISH FUNDS IN EUROPE

Domiciles / Marketing	Does AIFMD apply?	Marketing Arrangements
EU AIFM / EU AIF - marketed in EEA	Yes	EEA Passport
EU AIFM / EU AIF - not marketed in EEA	Yes	None
EU AIFM / Non-EU AIF - marketed in EEA	Yes	NPPRs (2013 - 2018) / EEA Passport (from mid 2015)*
EU AIFM/Non-EU AIF - not marketed in EEA	Yes	None
Non-EU AIFM/Non-EU AIF - marketed in EEA	Yes	NPPRs (2013 - 2018) EEA Passport (from mid 2015)*
Non-EU AIFM/Non-EU AIF - not marketed in EEA	No	None
Non-EU AIFM/EU AIF - marketed in EEA	Yes	NPPRs (2013 - 2018) / EEA Passport (from mid 2015)*
Non-EU AIFM/EU AIF - not marketed in EEA	No	None

*Dependent on assessment by European Securities and Markets Authority (ESMA)

The AIFMD Passport – How does it work?

The passporting procedure under AIFMD is similar to that which exists for UCITS funds in the EEA. Once an AIFM is authorised in one EEA member state, the passport permits the AIFM to market units or shares of any EEA AIF that it manages to professional investors in the home member state of the AIFM as well as any of the other 27 EEA member states. Without the need for additional authorisation, there must be a notification letter for each EEA member state in which the AIFM wishes to market its shares or units to professional investors.

For passporting purposes, an investor must meet the definition of professional investor set out in the Markets in Financial Instruments Directive (MiFID). According to MiFID,

a professional client is a client who possesses the experience knowledge and experience to make its own investment decisions and properly assess the risks that it incurs.

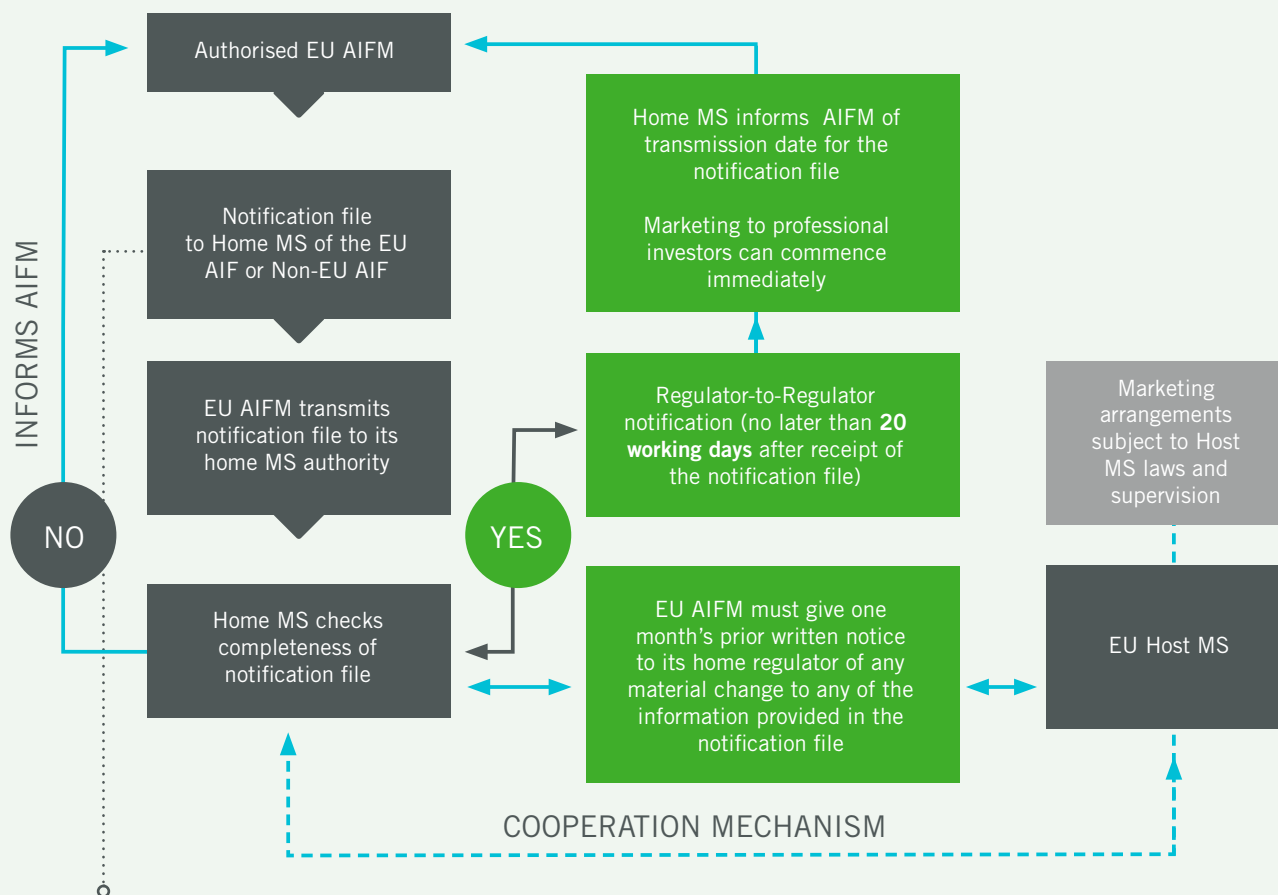
The AIFM must provide the following documentation to gain authorisation to use the passport:

- Notification letter
- AIF rules or instruments of incorporation
- Identification of depositary
- Description of information on EEA AIF available to investors
- Information on where the master EEA AIF is established if it is a feeder EEA AIF
- Indication of the Member State in which it intends to market the EEA AIF
- Details on investment strategy and objectives, fees, latest net asset value or market value and latest annual report

The AIFMD states that within 20 working days following receipt of a complete notification file, the AIFM's home state regulator will inform the AIFM if it may start marketing the EEA AIF. Where a positive notification is received, the AIFM can start marketing with effect from the date of receipt. The AIFM's home state regulator can prevent marketing only if the AIFM's management of the AIF does not or will not comply with the terms of the AIFMD or the AIFM otherwise does not or will not comply with the terms of the AIFMD. Some countries may require additional documentation in the form of a prospectus supplement or may have specific service providers specific requirements, such as a local representative and/or paying agent.

DISTRIBUTING IRISH FUNDS IN EUROPE

Passport / Marketing Approval Process



Notification to include:

- 1) The AIF rules
- 2) The identification of the depositary
- 3) A description of, or any information on, the AIF which is available to investors;
- 4) Information on where the master AIF is established if the AIF is a feeder AIF;
- 5) Any additional information referred to in Article 23(1) for each AIF the AIFM intends to market;
- 6) Indication of the Member State in which intends to market the AIF to professional investors; and
- 7) Where relevant, information on arrangements to prevent the AIF from being marketed to retail investors. Including in the case where AIFM relies on activities of independent entities to provide investment services in respect of the AIF.

DISTRIBUTING IRISH FUNDS IN EUROPE

National Private Placement Regimes

This principally relates to the marketing of non-EEA AIFs and AIFs managed by non-EEA AIFMs.

As AIFMD has been implemented in each EU member state there have invariably been differences in approach to certain areas. The fund registration process therefore varies from country to country and must be considered on an individual basis when making applications to ensure that all the requirements of each member state are met.

Reverse Solicitation

Reverse solicitation or passive marketing which is marketing that is not at the direct or indirect initiative of the non-EEA fund manager is still permitted under the AIFMD i.e., if an investor approaches the manager about investing in a fund without prior solicitation, then on that basis the manager should not need to comply with the AIFMD as such marketing would not be at the initiative of the manager.

There is no firm guidance as to what constitutes reverse solicitation and a manager intending to rely on reverse solicitation will need to ensure that procedures and policies are put in place to clearly demonstrate that a particular EU investor invested in the fund on this basis. It will also need to ensure that follow up communications with such an investor do not inadvertently result in active marketing, for example, of another fund.

If a manager is unwilling to rely on reverse solicitation, then the only alternative at present for such managers is to market in accordance with existing private placement regimes.

Marketing between 2015 and 2018

Although the private placement regime is expected to remain in place until at least 2018, not all EEA countries may retain the regime if the EEA passport is introduced in 2015 (dependant on decisions from ESMA and the European Commission).

DISTRIBUTING IRISH FUNDS IN EUROPE






Marketing after 2018

The private placement regime is generally expected to remain in place until 2018, at which time ESMA is expected to report on whether this regime should stay or be abolished. If it is abolished, all non-EEA Managers who wish to continue marketing their funds in the EEA will need to apply for authorisation to a “regulator of reference” and comply fully with the AIFMD.

Now that the AIFMD is in force it is likely that many institutional investors will be looking for asset managers to comply with the AIFMD when they are making investments into alternatives either because of their own regulatory considerations or because, as a fiduciary investor, they want to avail of the investor protections built into the AIFMD.

Managers will need to determine early which jurisdictions to focus on to establish their platforms and the product set which should be aligned to each. Asset managers will require “boots on the ground” because a rapport will have to be established with policymakers and standard setters in every jurisdiction of operation.

AIFMD - COMPLIANCE OPTIONS SUMMARY

Number	Option	Passport Available
1	Appoint an Authorised AIFM	
2	Appoint a Sub Threshold or “Registered AIFM”	
3	Designate a non-EEA AIFM	
4	Set up an EEA AIFM	
5	Partner with a Third Party AIFM	

REGULATORY DEVELOPMENTS IMPACTING FUND DISTRIBUTION

Irish Collective Asset-management Vehicle (ICAV)

The ICAV, a new corporate vehicle designed for Irish investment funds, now sits alongside the public limited company (plc). It provides a tailor-made corporate fund vehicle for both UCITS and AIFs. The ICAV allows a new form of corporate vehicle for funds whose purpose is to minimise the administrative complexity and cost of establishing and maintaining collective investment schemes in Ireland. As a bespoke piece of legislation, it was drafted with the specific needs of investment funds in mind, and will have the advantage that it will not be impacted by amendments to certain pieces of company legislation that are targeted at trading companies. The legislation also includes a mechanism for non-Irish investment companies to migrate into Ireland and become an ICAV as part of a single process. The new vehicle now sits alongside Unit Trust, the Common Contractual Fund and the Investment Limited Partnership as existing set-up options, while an additional benefit includes the ability to elect “check the box” classification for US investors.

UCITS Directive Reform

UCITS IV introduced some improvement on the fund notification process. There is now a streamlined procedure for regulator to regulator notifications. Despite the improvements regarding the time to market, entry to

certain countries is still difficult due to low harmonisation of local marketing rules.

PRIIPs

The Packages Retail and Insurance Based Investment Products (PRIIPS) legislation is expected to see the UCITS Key Investor Information Document (KIID) phased out and replaced with a new Key Information Document (KID) for all so-called PRIIPs products, which include UCITS funds, unit linked life insurance products and structured products.

Under the proposals, a new KIID would be introduced - a measure that would create a level playing field between UCITS funds and other investment products. The new three page document will include basic information about the product, its expected risk and return and the overall cost of the investments.

The draft PRIIPs rules were approved by the European Parliament in April 2014. The Council of the EU also announced that it now expects to formally adopt the proposed regulation.

Markets in Financial Instruments Directive (MiFID II)

MiFID II is set to impact on asset managers' distribution practices by introducing a ban on inducements for independent financial advisers across Europe.

Firms will also need to ensure they have clearly defined target markets when they design new products and they must ensure these products are distributed only to that intended market.

The proposed effective ban on most inducements, including commissions and rebates, for independent advisors will force many in the market to rethink their business model and how their funds are distributed. While ESMA, in its technical advice of December 2014, appears to have stepped back slightly from their original position by adding a ‘wider number of positive situations justifying the receipt of inducements’, it will be very difficult to legitimately receive commissions.

It is still permitted to have inducements for non-independent advisors but they have to be clearly disclosed and any costs to clients must enhance the service they are provided.

Product governance requirements have been extended; asset managers, when creating a product, must put in place a formalised approval process and must ensure that the product meets the needs of a specific target market while being distributed through the appropriate channels in order to reach that segment.

For more than a quarter of a century, Ireland has been a leading regulated domicile for internationally distributed investment funds. The Irish tax regime has been, and continues to be, one of the key growth drivers of the funds industry in Ireland.

TAXATION CONSIDERATIONS FOR FUND DISTRIBUTION IN EUROPE

Ireland's tax neutral regime for globally distributed investment funds has been in place for over 25 years. Our tax treaty network spans over 70 countries across the EU, Middle East, Asia and South America, and it is one of the most developed and favourable tax treaty networks in the world. The availability of treaty benefits in a particular case will ultimately depend on the relevant tax treaty and the approach of the tax authorities in the treaty country. Consequently, treaty access needs to be reviewed on a case-by-case basis.

Investor Level

Non-Irish investors are not subject to Irish tax on their investment and do not incur any withholding taxes on payments from the fund.

FATCA

Ireland was the first international fund domicile to sign an Intergovernmental Agreement (IGA) with the US in respect of the implementation of FATCA.

Common Reporting Standard (CRS)

Ireland was also one of the early adopter jurisdictions of the OECD's Common Reporting Standard (CRS)

regime. Ireland's tax regime, as well as being highly efficient, clear and certain, is open, transparent and fully compliant with OECD guidelines and EU law. The Irish framework is legislation-based and does not rely on rulings.

Ireland has the highest rating in the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.

Fund level

Irish regulated funds are exempt from Irish tax on income and capital gains derived from their investments and are not subject to any Irish tax on their net asset value. There are additionally no net asset, transfer or capital taxes on the issue, transfer or redemption of units owned by non-Irish resident investors.

VAT

As provided under EU law, the provision of management, administration and custody services to an Irish regulated fund is exempt from Irish VAT. Other services, such as legal and accounting services, can result in an Irish VAT liability, but may be offset, depending on the fund's VAT recovery position.

European Developments

In recent years, several European jurisdictions, such as Austria, Switzerland, Belgium, Germany, Italy and the UK, have either introduced new tax reporting regimes or modified existing ones.

Germany¹²

In Germany the tax treatment for German investors is significantly better if they are investing in a transparent fund (i.e. a fund that has met the local German tax reporting obligations). For this reason most potential German investors require funds to have transparency status. In order to achieve tax transparency status the fund must satisfy various filing and reporting requirements, which include local publication requirements and obtaining a certificate from the German tax authorities that the fund's German tax reporting is in compliance with German tax law.

Tax information must be certified by a tax auditor and published in the German electronic federal gazette within four months of the financial year end. In addition to annual reporting Germany requires daily reporting for certain parts of the fund's income.

¹²Country specific information source: PWC Research

TAXATION CONSIDERATIONS FOR FUND DISTRIBUTION IN EUROPE

Funds which fulfil the complete range of annual and daily reporting requirements are regarded as tax transparent. The consequence of being labelled non-transparent negatively impacts the tax treatment of German resident investors.

Austria

From an Austrian tax point of view, investment funds which carry out Austrian tax reporting are considered transparent, meaning there is a direct allocation of income of the fund to investors. This is more attractive to investors than lump sum taxation which applies where a fund does not have tax reporting.

In Austria, foreign funds may appoint a local tax representative who along with the Fund administrator calculates and provides information (within certain timeframes) to the Oesterreichische Kontrollbank (OEKB) on deemed distributed income, net interest income and information on the taxable portion of the distributions paid to investors.

United Kingdom

In order for non-UK investment funds to achieve preferential treatment in the UK, it is important that investment funds obtain UK reporting status. Under

the Fund Reporting Regime, a fund is required to obtain confirmation from the UK tax authorities prospectively that it meets the eligibility criteria to be considered for Reporting Fund Status. Once Reporting Fund Status is obtained a fund must then comply with the reporting requirements set out in the regulations which require that it reports 100% of its income returns (calculated under the UK tax rules) to UK investors and the UK tax authorities on an annual basis. Where a fund has Reporting Fund status, UK investors will be taxed under the Capital Gains Tax (CGT) regime upon realisation of their investment in the fund, rather than as offshore income gains taxable at investors' marginal tax rate which would otherwise apply if UK reporting status was not achieved.

Switzerland

Swiss individual investors require tax reporting so that they can declare their taxable income and the value of the investment in their tax return. If Swiss tax reporting is not undertaken, investors could suffer prohibitive income tax in Switzerland. Foreign funds are treated like Swiss funds if they pass certain equivalence criteria. If the foreign fund is to be distributed in Switzerland, an up-front authorization by the Swiss Financial Markets

Authority (FINMA) may be obtained, depending on the category of investor targeted.

The tax reporting involves the preparation of a calculation to separate the taxable income from tax exempt capital gains in the hands of the Swiss investor based on Swiss taxation principles. The taxable income and net asset value per share for income tax and personal net wealth tax purposes can be provided to the Swiss Federal Tax Administration (FTA) which then publishes these values in the official rates list. No tax information is required to be published for institutional or corporate investors.

Belgium

There is no investor tax reporting in Belgium as such, but it is required that tax is payable on the net assets of funds in Belgium and an accompanying return submitted to the Belgian tax authorities ("UCI Certification"). The Belgian Net Asset Tax is due on the net amounts invested in Belgium which equates to subscriptions (net of redemptions) made through a Belgian financial intermediary.

Where Belgian residents subscribe via foreign intermediaries, these

TAXATION CONSIDERATIONS FOR FUND DISTRIBUTION IN EUROPE

subscriptions are excluded from a fund's taxable base, irrespective of whether or not the fund is registered with the Belgian Banking, Finance and Insurance Commission. The tax is due and payable by 31 March each year.

Italy

Italian tax reporting was introduced with effect from 1 January 2012. From this date, profits deriving from Italian and certain other funds became subject to a 20% tax rate. The increase from 12.5% to 20% of the tax rate applicable to profits deriving from investments funds mainly affected Italian resident private individual investors and certain non-Italian resident investors.

In order to preserve the reduced 12.5% taxation in certain instances, tax reporting is required in Italy to identify the portion of profits/losses associated with "indirect" investment in eligible bonds. It is necessary to determine an average percentage on the basis of the ratio between the value of the eligible bonds and the total asset value based on the two last available financial statements of the fund.

ABOUT IRISH FUNDS



About Irish Funds

Established in 1991 the Irish Funds Industry Association (Irish Funds) is the representative body of the international investment fund community in Ireland. We represent the fund promoters / managers, administrators, custodians, transfer agents and professional advisory firms involved in the international funds industry in Ireland, with more than 13,000 funds and net assets of more than €3.8 trillion. The objective of Irish Funds is to support and complement the development of the international funds industry in

Ireland, ensuring it continues to be the location of choice for the domiciling and servicing of investment funds. Through its work with governmental and industry committees and working groups, Irish Funds contributes to and influences the development of Ireland's regulatory and legislative framework. Irish Funds is also involved in defining market practice through the development of policy and guidance papers and the promotion of industry-specific training.



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