



Central Bank streamlines procedures for Irish retail funds

October 2018

By way of correspondence dated 9 October 2018 to Irish Funds, the trade body representing funds established in Ireland, the Central Bank of Ireland (the “Central Bank”) notified industry of a series of amendments to its procedures for Irish UCITS and Retail Investor Alternative Investment Funds (“RIAIFs”).

The welcome procedural amendments, introduced with immediate effect, focus on expediting the processing of certain authorisation and post-authorisation amendments for UCITS and RIAIFs through the introduction of a same-day approval process for those applications. The same-day approval process has been implemented in respect of the following, each of which were previously subject to the prior review of the Central Bank:

1. Launch of a new share class;

Applications for the establishment of a new share class in an existing UCITS or RIAIF may be submitted to the Central Bank and noted on the same day, provided they are accompanied by the relevant supporting documentation including written confirmation that the application reflects the requirements of the Central Bank. This amendment should greatly enhance the speed to market of new share classes of existing UCITS and RIAIFs.

2. Depositary agreements;

Subject to receipt of the prescribed depositary certification, new and amended depositary agreements may be filed along with the required application form and noted on the same day by the Central Bank.

3. Constitutional documents for UCITS and RIAIFs established as unit trusts and common contractual funds (“CCFs”) and Investment Limited Partnership Agreements for RIAIFs;

In line with the current regulatory approval process for the constitutional documents of variable capital companies (“VCCs”) and Irish collective asset management vehicles (“ICAVs”), the Central Bank will no longer review these documents in advance.

4. Applications for the use of a financial index by a UCITS.

Given the often lengthy process for obtaining regulatory clearance of an index which a UCITS wishes to use, this may, for many stakeholders, represent the most significant change in this package of procedural amendments. Under the new procedure, a UCITS will self-assess the eligibility of the index and provide written certification of the index’s compliance with the legal and regulatory requirements to the Central Bank. This procedure will apply to both new and existing UCITS proposing to use an index. The Central Bank has revised its Guidance for UCITS on the use of financial indices to reflect this new process which is supplemented by random periodic spot checks of UCITS use of indices by the Central Bank.



Mergers

In addition to the discontinuance of its pre-review of those documents detailed above, the Central Bank has made one further alteration to its processes in respect of UCITS. In order to "*streamline UCITS merger applications and to eliminate comments which frequently arise during the course of a merger review*" the Central Bank will shortly publish a UCITS merger application form which will be required to be submitted, along with supporting documentation in respect of the merger application, to the Central Bank's UCITS merger email address, ucitsmergers@centralbank.ie.

The Central Bank has confirmed that, effective immediately, any applications submitted should comply with these new procedures.

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