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COMPLIANCE IRELAND BRIEFING NOTE
FINANCIAL REGULATOR REVISES QUALIFYING INVESTOR FUND REQUIREMENTS

Following consultation with industry participants, the Financial Regulator has decided to remove requirements for Qualifying Investor Funds ("QIFs") to produce interim accounts. While this reduces the regulatory burden on such funds, it should be noted that QIFs listed on the Irish Stock Exchange will continue to be subject to the exchange's continuing obligations in this area. Indeed, a QIF's own articles of association may specify the production of interim accounts, requiring a shareholder meeting to approve changes before the new flexibility can be enjoyed. This has led to an amended Notice NU24 being issued.

The maximum limit which a QIF can invest in any one other collective investment scheme without being considered a feeder scheme has been raised from 40% to 50%. This has led to Guidance Note 1/01 *Feeder Schemes and Fund of Funds Schemes* being amended.

Amendments have also been made to Guidance Note 1/07 *Authorisation of Qualifying Investor Schemes*.

- A QIF structured as a variable capital investment company is required under Irish company law to spread investment risk. A paragraph reminding directors of such companies of their responsibilities has been inserted into the Guidance Note.
- The Financial Regulator has published an explicit prohibition on QIFs raising capital from the public through the issue of debt securities. This prohibition is tempered by the permission for collective investment schemes to issue notes on a private basis, to a lending institution to facilitate financing arrangements.
- The wording of paragraphs dealing with limited liquidity and warehousing arrangements have been clarified.

The application form for QIF approval has also been amended in line with the above.

All of the above revised documents can be downloaded from our website at

http://www.complianceireland.com/Resources.html#Funds.

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