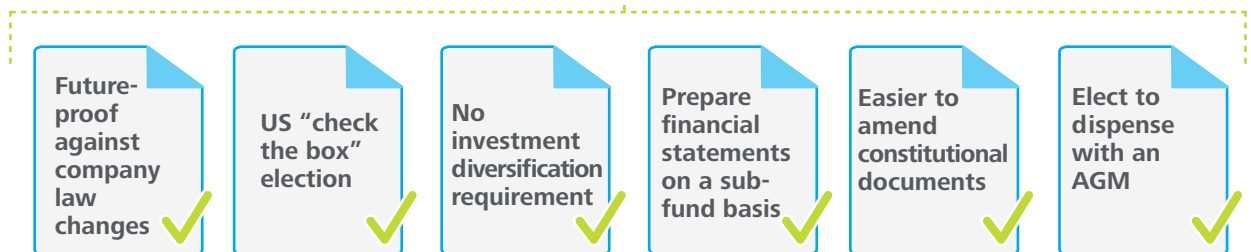


Introducing the ICAV No ordinary company

Ireland will soon have a new corporate fund structure offering enhanced distribution and a simplified compliance model. The Irish Collective Asset-management Vehicle (ICAV) will be introduced under new legislation designed solely for investment funds. This means that certain company law rules more suited to ordinary trading companies than investment funds will not apply to the ICAV. The ICAV will be regulated by the Central Bank of Ireland and may be established as a UCITS or an AIF.

What makes the ICAV different?



Unlike the existing Irish plc fund structure, the ICAV will be able to make the "check the box" election under US tax rules to be treated as a transparent or flow-through entity for US federal income tax purposes. This means that the US investor is placed in the same tax position as if they had invested directly in the underlying investments of the ICAV. This status will make the ICAV particularly attractive for US investors seeking tax efficient returns in a regulated corporate fund vehicle.

Simplified compliance

As the Companies Acts focus on trading companies, rules crafted under this framework can create an unnecessary compliance burden for investment funds. The new ICAV structure will run alongside the existing company regime with a more simplified compliance model. This will bring a range of benefits:

- Necessary changes to the fund's constitutional documents can be made without shareholder approval where the depositary certifies that the changes do not prejudice the interests of investors.
- The Board will also be able to elect to dispense with the need for an AGM by notifying shareholders.
- Financial statements may be prepared at sub-fund level.
- The ICAV will not be subject to the risk spreading rules currently applicable to plcs and can consequently be structured as a single asset fund under the AIFMD framework.
- The incorporation/registration process with the Companies Registration Office (CRO) will be more streamlined due to a new authorisation process with the Central Bank.
- The ICAV will be future proofed against any unintended consequences arising from changes in Irish and European company law.

Standard features

The ICAV will have all the standard features of an Irish regulated fund structure, including the ability to establish an umbrella, sub-funds and share classes, as well as segregated liability between sub-funds. The ICAV will have a Board of Directors and Company Secretary similar to the current plc structure and will be able to list on the stock exchange.

Contacts

Conversion/migration to an ICAV

Existing plcs can remain under the Part XIII of the Companies Acts or can opt to convert to an ICAV. Non-Irish fund structures will be able to migrate to an ICAV under the streamlined redomiciliation process introduced in 2009, which enables a fund to maintain its track record by changing the seat of incorporation rather than starting anew.

Next steps

The General Scheme of the ICAV Bill was published by the Department of Finance on 20 December 2013 and included much of the detail required to establish the new structure.

It is expected the legislative process will be completed in the first half of 2014, enabling the Central Bank to receive applications based on the existing UCITS and AIFMD regimes.

How can we help?

Deloitte offers audit, tax, regulatory, operational consulting and project management services to deliver a solution tailored to your business. Partnering with Deloitte to manage the set-up of your fund will minimise the risk, effort and cost to your business.

Our project management services cover:

- Analysis of setup options and costs
- Legal, regulatory and tax structuring
- Distribution requirements
- RFP/service provider selection process
- Operational set up and control environment
- Regulatory approval/re-domiciliation
- Ongoing audit and tax services

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