

Irish Collective Asset Management Vehicle (ICAV)

The ICAV is a new corporate vehicle designed for Irish investment funds, providing a tailor-made corporate fund vehicle for both UCITS and alternative investment funds (“AIFs”). The ICAV Act of 2015 was enacted on March 12, 2015, giving the ICAV its own legislative regime to ensure that it is distinguished from ordinary companies and is therefore not subject to those aspects of Irish company law legislation which are not relevant or appropriate to a collective investment scheme. ICAV application forms have been published by the Central Bank of Ireland (the “Central Bank”) and ICAVs are now available, as an investment fund specific corporate vehicle.

Investor Profile

- ICAVs can be structured as both UCITS and AIFs.
- UCITS can be marketed to investors in EU Member States by way of an EU passport.
- Managers of AIFs, which may be established as retail or qualifying investor funds who have obtained the necessary authorization under Alternative Investment Fund Managers Directive (“AIFMD”) are permitted to utilize an EU passport system to market those AIFs to professional investors across the EU. The AIFMD passport does not extend to alternative investment funds which do not satisfy the AIFMD requirements.

Regulatory Reporting Requirements

- ICAVs are registered and authorized by the Central Bank.
- Preparation of financial statements for an ICAV is governed by the requirements for UCITS or AIFs. It is possible to prepare accounts per sub-fund.

Fund Launch Timeline and Organizer Requirements

- The ICAV has governing document called an instrument of incorporation (“IOI”). In the case of changes to the IOI, prior investor approval is required, unless the depositary certifies that changes to the IOI do not prejudice the interests of investors. In addition, any changes to the IOI require Central Bank approval.
- Generally it takes 6 weeks to launch standard funds. An AIF marketing solely to qualifying investors is capable of being authorized within 24 hours of a single filing of documentation with the Central Bank (subject to certain prerequisites such as pre-approval of the alternative investment fund manager (if applicable), promoter, directors and service providers by the Central Bank).

Fund Operational Organization Structure

- ICAVs can be established standalone structures or as umbrella structures with a number of sub-funds and share classes. It can be managed by an external management company or be a self-managed entity.

- An ICAV can be listed on a stock exchange.
- Investors will own shares in the ICAV and the ICAV is able to issue and redeem shares continually according to investor demand.
- An ICAV must have a board of directors to govern its affairs, with a requirement for a minimum of 2 Irish resident directors.
- The board of directors of an open-ended ICAV is permitted to elect to dispense with the holding of an annual general meeting by giving written notice to all of the ICAV's shareholders. Shareholders representing 10% of the voting rights may require that an annual general meeting be held in any one year.

Taxation

- The ICAV is able to elect its classification under the US check-the-box taxation rules.
- The ICAV is an eligible entity (i.e. an entity that can elect its classification under the check-the-box rules, can elect for alternative, more favorable tax treatment) for these purposes.
- Irish domiciled funds are exempt from Irish tax on income and gains derived from their investment portfolios and are not subject to any Irish tax on their net asset value.
- Investors who are not Irish tax residents may receive distributions from Irish domiciled funds without the deduction of any Irish withholding tax. Similarly, redemptions and transfers of units by such investors may take place without the imposition of any Irish tax.
- No capital duty is payable on the issue of units.
- For Irish tax resident investors, Irish withholding tax is generally deducted by funds from distributions and on disposals and redemptions of units by Irish tax resident (or ordinarily tax resident) investors. Certain categories of Irish investors such as pension funds, life assurance companies and other Irish domiciled funds are exempt from this withholding tax, provided appropriate documentation is completed.

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