

FLAG - ROBIN CRESWELL, MANAGING PRINCIPAL, DISCUSSES IRISH FUND STRUCTURES IN A ROUND TABLE, ORGANIZED BY FUNDS EUROPE.

TEXT - Extracts: *Funds Europe, Ireland Round Table* – Robin Creswell.

Q. *How are Irish fund structures and the regulatory requirements that sit behind them evolving to allow asset managers to provide investors with the diversification of asset classes and strategies they need?*

RC. “We’re seeing two separate trends: one is a trend towards AIFs [alternative investment funds] and AIFMs [alternative investment fund managers], which of course is well established, and one is a potential for more flexibility inside the UCITs structure.

“We work exclusively for institutions, and what we’d found until quite recently is that institutions, if they were coming into a fund – at least the institutions that we deal with – didn’t really want to look at AIFs and, more specifically, often in their deeds of establishment specified they could only invest in funds that were UCITs. So, even though they were institutions and professional investors, and they didn’t need the protection of a UCITs, their boards would look at the UCITs structure and say, ‘That’s a gold seal of approval, we’re only going to invest in UCITs.’

““That’s now changed, so the thing we’re seeing on the AIF side is AIFMs are well established. It’s now very straightforward to delegate to an AIFM and we found our first institution prepared to put up \$130 million of seed money to start our multi-asset credit AIF which we launched in February of this year...””

Q. *Over the past six years, the Irish funds industry has had to adjust to increased levels of fund governance requirements from the Central Bank of Ireland (an initiative known as CP86). Has this been a painful process?*

RC. “The CBI [Central Bank of Ireland] actually communicated very clearly what they wanted. Initially it was quite overwhelming but then we paused, read the detail and went, ‘This actually all makes sense,’ and we got busy, we got the resources and I think most of the industry got behind that.

“Let’s not forget we’re all fiduciaries, we’re holding assets of other people’s money, and the industry has come out of this very much stronger.

“We’ve had to invest, we’ve had to hire more people, we’ve had to invest in processes, but I do think the Irish structure is one that everybody can have a very high level of confidence about. So, even though I’m a practitioner and it’s cost us money, it’s been a very business-positive process.”

Q. *More broadly, what is the regulatory ‘temperature’ in Ireland now? What do asset servicers, management companies (ManCos) and wider fund organisations need to consider and prioritise?*

RC. “For us, the discussion now with the Central Bank is the work that Central Bank needs to be doing around ESG. ... What we haven’t had is a thematic review, and we should probably expect one in the next 18 months. I think it would be very healthy. ... But there’s a lot of work to be done by the Central Bank in terms of clarifying what its ESG position is.

“Everything around ESG is currently a priority, it’s going to remain a priority going forward.”