



MAPLES
GROUP

QIAIFS

A Guide for Asset Managers

OVERVIEW

What is a QIAIF?

The Qualifying Investor Alternative Investment Fund ("QIAIF") is Ireland's flagship alternative investment fund ("AIF"). It is targeted at professional, institutional and high-net-worth individual investors, who must meet minimum subscription requirements ("Qualifying Investor").

Each QIAIF is authorised by the Central Bank of Ireland (the "Central Bank") and must appoint either an EU or non-EU AIFM.

Ireland is the largest AIF domicile in Europe and the jurisdiction of choice for establishment, structuring and distribution of alternative products.

As discussed in greater detail below, QIAIFs with EU AIFMs can avail of the AIFMD pan-European passport and be freely marketed to professional investors throughout the EEA.

Structuring Flexibility

The QIAIF is the most adaptable category of Irish regulated fund and is the structure used most frequently for real asset, private equity, real estate, infrastructure, credit funds, loan origination ("LQIAIFs"), hedge funds and hybrid strategies. The QIAIF is also the preferred structure used for fund of funds and/or master/feeder structures.

The main advantage of QIAIFs is that the Central Bank does not apply any conditions or limits as to the type of investments and/or any borrowing and leverage levels, facilitating access by the QIAIF to a wide range of investment strategies.

Fast-Track Approval

QIAIFs can avail of the Central Bank's fast-track 24-hour authorisation process subject to certain conditions and confirmations. Consequently there is no pre-review of documents by the Central Bank prior to launch. Where the Central Bank receives a completed application for authorisation of the QIAIF before 3pm on any business day, a letter of authorisation for the QIAIF will issue on the following business day.

A summary of the key features of a QIAIF and also the relevant service providers required are considered in more detail within this brochure.

KEY FEATURES OF A QIAIF

Minimum Initial Investment

€100,000 or foreign currency equivalent (subject to certain exemptions for investments by the AIFM or connected persons).

Liquidity

Entirely flexible and a matter of design. QIAIFs can be structured as open-ended, limited liquidity or closed-ended funds. Liquidity must be provided at least quarterly if classified as open-ended. Unrestricted for QIAIFs structured as limited liquidity or closed-ended. Gates, deferred redemptions, holdbacks, in-kind redemptions and side pockets can all be facilitated.

Asset Eligibility

All major alternative investment fund strategies used by hedge funds, private equity, real estate funds, credit funds, funds of funds, loan origination, managed accounts, master-feeders and hybrid structures are permitted. Direct exposure to commodities is permitted.

Borrowing Leverage Limits

No borrowing restrictions. No leverage limits imposed but maximum level must be set and adhered to.

Local Service Providers and Directors

Each QIAIF must appoint an Irish domiciled and regulated depositary and administrator. In addition the QIAIF must appoint Irish legal advisors and auditors. Each QIAIF must have at least 2 Irish resident directors.

Eligible Investors

Qualifying Investors including "professional investors" under AIFMD and other categories of sophisticated investor permitted by the Central Bank.

Available Legal Forms

QIAIFs may be structured as Irish collective asset-management Vehicles ("ICAV"), investment companies, unit trusts, common contractual funds ("CCFs") and investment limited partnerships ("ILP").

The ICAV is by far the most popular choice of vehicle for asset managers forming QIAIFs. The ICAV is a corporate vehicle tailored specifically for Irish investment funds. For more details on the ICAV structure, please refer to our [ICAV](#) brochure.

Available Structures	QIAIFs can operate as a standalone fund or as an umbrella fund, with multiple sub-funds and segregation of liability at sub-fund level.
Management and Organisational Structure	QIAIFs may be internally managed or managed by an external AIFM.
Share Capital/Units	QIAIFs can issue multiple classes of shares/units with differing features and characteristics (e.g. fees, liquidity, distribution policy, etc.).
Authorisation Timeline	<p>Once all the parties to a QIAIF have been approved, the Central Bank will approve a new QIAIF within 24 hours of receiving a completed application pack.</p> <p>Post-authorisation matters (e.g. addition of new sub-funds, new share classes, documentation updates) also fall within this fast-track regime.</p>
Distribution	QIAIFs (with EU AIFMs) can avail of the AIFMD marketing passport for distribution to EEA investors and can be sold in all major non-EEA jurisdictions.
Taxation	As a general rule QIAIFs are not subject to tax in Ireland on any income or gains they realise from their investments. For further tax features of the QIAIF please see section Tax – Headline Points for QIAIFs.
Prime Brokers	Prime brokers may be appointed and there is no limit on the extent that assets may be passed.

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They have great strength in handling country registrations and all aspects of maintaining all regulatory filings...

Commercially minded, aware of new developments and very proactive...

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Highly knowledgeable, proactive and, above all, pragmatic...

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Partners and associates are technically excellent and can be relied on for practical and sound business advice...

The team at Maples is outstanding...

Maples is one of the key law firms in Ireland. They're very commercial, responsive and solutions-orientated...

IFLR

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The Maples Group is independently ranked first amongst Irish law firms in Ireland in terms of total number of funds advised (based on the latest Monterey Ireland Fund Report, as at 30 June 2018).

DEPOSITARY AND THE AIFM

Depositary

The depositary is the entity responsible for the safe-keeping of the assets of a QIAIF. This role is highly regulated and any entity seeking to fulfil this role for a QIAIF must be located in Ireland, and regulated and supervised by the Central Bank or be an Irish branch of an EU regulated entity. A single depositary must be appointed to each QIAIF. The core functions of a depositary are oversight, safekeeping and cash monitoring.

The depositary is strictly liable to the QIAIF and to the shareholders, for the loss of any financial instruments held in custody unless the depositary can prove that the loss arose as a result of an actual event beyond its reasonable control. In the event of such a loss, the depositary is required to return identical assets to those lost or a corresponding amount to the QIAIF without undue delay.

Depositaries may delegate custody tasks to one or more sub-custodians and/or prime brokers (where such sub-custodians / prime broker holds assets of the AIF), and in such cases may discharge itself of its strict liability (passing same onto the relevant sub-custodian / prime broker) provided that it has satisfied the criteria for doing so under AIFMD.

Prime brokers appointed by the depositary for a QIAIF, must functionally and hierarchically separate the performance of its depositary functions from its tasks as prime broker and the potential conflicts of interest must be properly identified and managed.

AIFM

The AIFM is the entity primarily responsible for the investment management (both portfolio and risk management) and distribution of the QIAIF. The AIFM appointed by the QIAIF must either be established/authorised in Ireland by the Central Bank or an EEA AIFM, provided that it has passported its management license into Ireland pursuant to AIFMD. In addition, non-EEA AIFMs are permitted to be appointed to managed QIAIFs, provided that there is a co-operation agreement in place between the home national competent authority of the non-EEA AIFM and the Central Bank. Whilst it is permissible to appoint such non-EEA AIFMs, they will not enjoy the full benefits of AIFMD, namely access to the marketing passport.

The AIFM is entitled to delegate its functions to suitably qualified third parties (e.g. it may appoint delegate portfolio managers and/or distributor) subject to meeting the requirements for delegation under AIFMD.

DISTRIBUTION OF QIAIFS

The Maples Group Global Registration Services

The Maples Group's Global Registration Services ("GRS") team provides a range of services, including to AIFMs domiciled in Ireland and Luxembourg who wish to avail of the AIF marketing passport, and providing support to alternative fund managers who target investors outside of the EEA on a restricted basis.

While UCITS products have benefitted from the European passport for over 30 years, it is only since the introduction of AIFMD in July 2013 that EEA AIFMs have enjoyed the ability to market EEA AIFs to 'professional investors' on a pan-EEA basis.

The GRS team has significant expertise in the operation of the AIF marketing passport, as well as in the global offering of funds, and would be happy to assist with any queries you may have.

Combining expert local knowledge with full project management functionality through a seamless service creates a powerful and efficient multi-jurisdictional solution. In doing so, the GRS team delivers tailored solutions through a single point of contact, which frees valuable internal resources and generates significant added value for our clients.

Our aim is to offer a service that provides efficiency, value and peace of mind so that our services become solutions, tailored to the needs of our clients.

We offer our clients a range of services addressing regulatory aspects to help optimise fund distribution activities globally. We believe that by having a dedicated team solely focused on registration business, coupled with our experience in dealing with a broad range of local services, we provide the best service to our clients and can proactively identify areas where economies of scale can be achieved.

Our core GRS service offering includes:

- Market intelligence;
- Market entry through the EEA Passport or Restricted offerings; and
- Maintenance.

For further details please refer to our GRS brochure on [Marketing UCITS and AIFs through the European Passport](#).

TAX HEADLINE POINTS FOR QIAIFS

No Withholding Tax	No withholding tax applies on payments (on distribution or redemption) to non-Irish investors.
Tax Treaty Access	QIAIFs may be entitled to benefit from the provisions of Ireland's double tax treaties, including the US / Ireland treaty, subject to the provisions of each treaty and the rules in the relevant treaty partner country in each case.
VAT Exemptions	The provision of certain standard services to QIAIFs (e.g. investment management, administration, transfer agency, depository, etc.) are treated as VAT exempt in Ireland. To the extent that the Irish QIAIF incurs Irish VAT on certain services it receives (e.g. audit and legal fees), it may recover a portion of this VAT based on its recovery rate.
Stamp Duty and Subscription Taxes	No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of shares in a QIAIF. No subscription taxes are levied by the Irish tax authorities on the assets of a QIAIF.
Exchange of Information	Ireland is fully compliant with the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes. Ireland has implemented both the US FATCA regime and the CRS. Irish QIAIFs are thus capable of complying with international FATCA and CRS requirements. Provided the Irish QIAIF complies with its FATCA obligations, no FATCA withholding should apply on payments from US sources.
Tax Transparent Investment Funds	The CCF and ILP are treated as tax transparent entities for Irish tax purposes and are not subject to tax at the level of the CCF or ILP in Ireland. Investors in these funds are subject to tax in their home jurisdiction, as applicable.
US "Check-the-Box" Option	Perhaps one of the most significant advantages of the ICAV relates to its tax treatment for US purposes. The ICAV may elect to "check-the-box" to be treated as a tax transparent partnership or a "disregarded entity" (rather than an opaque "per se corporation") for US federal tax purposes. The ability of ICAVs to facilitate this form of tax treatment for US investors has further encouraged the growth in use of Irish fund vehicles by the US market.

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The Maples Group is a leading service provider offering a comprehensive range of legal services on the laws of the British Virgin Islands, the Cayman Islands, Ireland, Jersey and Luxembourg and is an independent provider of fiduciary, fund services, regulatory and compliance, and entity formation and management services. We distinguish ourselves with a client-focused approach, providing solutions tailored to your specific needs. Our global network of lawyers and industry professionals are strategically located in the Americas, Europe, Asia and the Middle East to ensure that clients gain immediate access to expert advice and bespoke support, within convenient time zones.



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