

Registered Alternative Investment Fund Manager

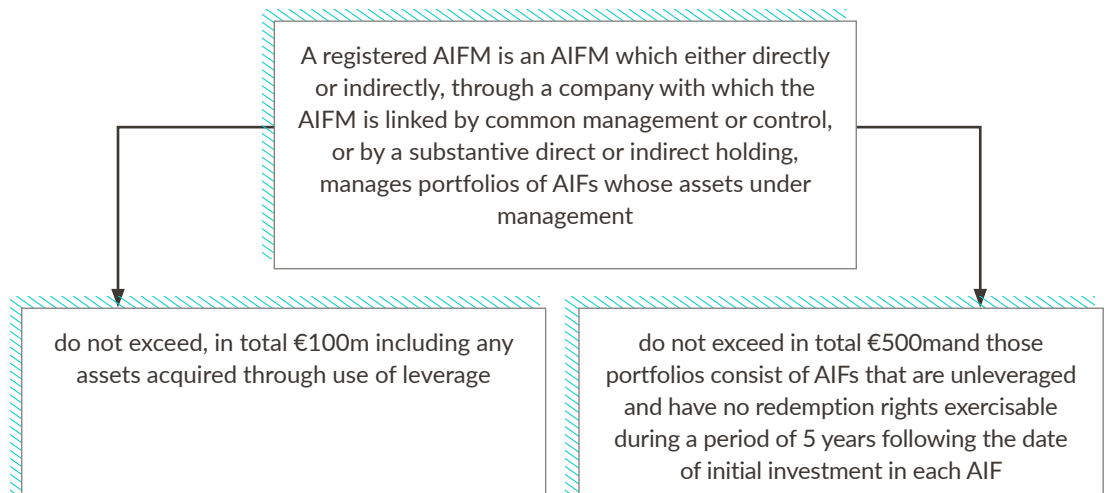
- A registered AIFM is an AIFM managing AIFs with assets under management below prescribed thresholds.
- It can avail of a lighter touch regulatory regime than an authorised AIFM.
- The thresholds are AUM €100m including leveraged assets or €500m unleveraged with no redemption rights for 5 years.
- If the thresholds are exceeded more than temporarily the registered AIFM must seek authorisation as an authorised AIFM.

Directive 2011/61/EU on Alternative Investment Fund Managers (**AIFMD**) regulates the activities of alternative investment fund managers and the alternative investment funds (**AIFs**) that they manage. The Irish implementing legislation is the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) (**Irish AIFMD Regulations**) which is supplemented by delegated European regulations (**AIFMD Level 2**).

The Irish AIFMD Regulations and delegated European regulations provide for the regime for the authorisation of alternative investment fund managers (**AIFMs**). They also provide for a lighter regulatory regime applicable to AIFMs who manage AIFs with low levels of assets under management. These sub-threshold AIFMs must be registered, rather than authorised, with the Central Bank of Ireland (**CBI**). The rationale for a lighter regime for registered AIFMs is that their activities individually are unlikely to have significant consequences for financial stability.

What is a registered AIFM?

A registered AIFM is a firm that manages AIFs with assets below certain prescribed thresholds as follows:



AUM valuation rules

AIFMD Level 2 contains the rules for the calculation of total value of assets under management (**AUM**) for the purpose of these thresholds. All AIFs under management should be identified and the value of each AIF's AUM should be determined in accordance with the valuation rules laid down in the law of its country of establishment or in the AIF's rules or instrument of incorporation, including all assets acquired through the use of leverage. The valuation provisions also deal with how derivative positions should be treated and how to deal with double dipping and cross investment within umbrella AIFs. AUM should be calculated at least annually, using net asset values within 12 months of the calculation date and calculation should be applied consistently.

What do registered AIFM's need to comply with?

In summary, a registered AIFM is required to:

- register with the CBI
- identify itself and the AIFs it manages to the CBI and provide the CBI with information on the investment strategies of those AIFs
- provide the CBI at regular intervals with information on the main instruments in which it is trading and the principal exposures and most important concentrations of the AIFs it manages
- have established procedures to ensure updated reporting to the CBI, at least annually, on the main categories of assets, industrial, geographic or other market sectors or specific asset classes and borrowing and leverage policy
- have procedures to monitor the aggregate value of all assets held in each AIF it manages on an ongoing basis. This should reflect an up-to-date overview of the original AUM threshold calculation requirements. The procedures should include observation of subscription and redemption activity or, where applicable, capital drawdowns, capital distributions and the value of the assets invested for each AIF
- notify the CBI if it no longer meets the AUM thresholds to be a registered AIFM. There are statutory provisions in AIFMD Level 2 which deal with a temporary occasional breach.

If the registered AIFM no longer meets the AUM thresholds, it must apply to be an authorised AIFM within 30 days.

The CBI retains the power to impose further conditions it considers appropriate on a registered AIFM although such conditions may not be more onerous than conditions applicable to an authorised AIFM. The CBI may also request information or issue directions to the registered AIFM in accordance with the provisions of the Regulations.

There is no prescribed substance or resourcing requirements applicable to a registered AIFM.

Can registered AIFMs avail of the AIFMD marketing passport?

No, although it can choose to opt in under the Regulations and so avail of the marketing passport that way. If it chooses to opt in, the application procedure to be an authorised AIFM must be completed and the full Regulations will apply to the registered AIFM. Only authorised AIFMs can automatically avail of the AIFMD marketing passport which allows authorised AIFMs to market the EU AIFs they manage within the EEA. A registered AIFM seeking to raise assets for AIFs it manages in another EEA member states will need to instead rely on the local national private placement regime or reverse solicitation to do so.

Qualifying managers of European social entrepreneurship funds can avail of a pan-European marketing passport without having to comply in full with the AIFMD regime and without having to comply with differing, and sometimes restrictive, national private placement rules.

QIAIFs with a Registered AIFM

The CBI's AIF Rulebook provides additional provisions applicable to QIAIFs which have a registered AIFM. It also provides that a registered AIFM must ensure that a single depositary is appointed in accordance with the Irish AIFMD Regulations.

CBI Registration Process

The AIFM registration application is submitted through ORION on the CBI's website.

The following documents are submitted as part of the application:

- completed registration form
- CBI Application for Registration as AIFM Checklist (**Checklist**)
- document detailing AIFs under management by the applicant
- document outlining monitoring and reporting procedures

Timing

The CBI's Regulatory Service Standards Performance Report covering January – June 2020 reported that 90% of initial AIFM registration applications were assessed within 5 business days and subsequent submissions were assessed within 3 business days.

For more information please contact any member of our [Asset Management and Investment Funds team](#).

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