

Asset Management & Investment Funds - Monthly update - November 2023

Hello and welcome to the A&L Goodbody Soundbite series. My name is Nollaig Greene and I am a Knowledge Lawyer in the Asset Management and Investment Funds team. I'm going to summarise our November 2023 Regulatory Bulletin.

In it we cover both Irish domestic developments and EU developments relevant to the asset management and investment funds space. You can find more details in our monthly bulletin on our website.

On the domestic side. We include a list of compliance deadlines as well as the Central Bank timeframes for receipt of applications that are seeking a Christmas or year-end effective date.

The Central Bank published final guidance on the Individual Accountability Framework, three sets of draft regulations as well as a feedback statement in respect of its consultation process CP 153 on the Individual Accountability Framework or IAF.

The Central Bank published consultation paper 155 on a proposed new European Long-Term Investment Fund or LTIF chapter of the Central Bank's AIF rulebook, enabling the authorisation in Ireland of LTIFs using Ireland's popular regulation fund vehicles including the ICAV.

The Central Bank published the 48th edition of its AIFMD Q&A with a new Q&A 1156 on the process for an ILP accounting exemption and with updated Q&A 1084 on the extension of the Loan Origination Regime exemption which is currently available to AIFs who grant loans to subsidiaries, to AIFs who grant loans to co-investment vehicles in which they have a majority interest provided that such lending is ancillary to the QIAIFs predominant investment strategy.

The Central Bank's 49th edition of its AIFMD Q&A included three Q&As on subsidiaries. On PRIIPs KID filings the Central Bank updated its UCITS Q&A, AIFMD Q&A and website guidance. In summary, from 1 January 2024, UCITS authorized prior to 1 January 2023 that are required to provide a PRIIPs KID and AIFs who are required to produce a PRIIPs KID should submit the PRIIPs KID to the Central Bank through the Central Bank portal in accordance with website guidance.

The Central Bank is introducing own fund requirements for UCITS Mancos and AIFMs authorised for discretionary portfolio management services. UCITS Mancos and AIFMs which obtain authorisation to provide individual portfolio management services after 27 November 2023 will be subject to these new requirements upon authorisation.

The new requirements will not apply to UCITS Mancos and AIFMs, authorised on or before 27 November 2023, until 27 May 2024. And in Central Bank speeches, Central Bank Director of Securities and Market Supervision, Patricia Dunn, delivered a speech covering the evolution of the Central Bank's supervisory approach to the fund sector, ESMA work, AIFMD II and sustainable finance and ESG.

Central Bank Deputy Governor Sharon Donnery delivered a speech which, among other topics, covered regulation and set out some fundamentals in the Central Bank's approach to supervising artificial intelligence.

And in EU and international developments, ESMA Chair Verena Ross delivered a speech on regulatory initiatives, sustainability and the potential move to T+1, AIFMD II continues through the European legislative process.

The Council of the EU and European Parliament published the final compromise text, reached on AIFMD II, following political agreement in July 2023. ESMA published three explanatory notes, covering key aspects of the EU's sustainable finance framework.

They are concepts of sustainable investments and environmentally sustainable activities in the EU sustainable finance framework, do no significant harm definitions and criteria across the EU sustainable finance framework and concept of estimates across the EU sustainable finance framework.

ESMA is changing its union strategic supervisory priorities to focus on cyber risk and digital resilience. And in AML CFT financial sanctions, the FATF plenary meeting in October 2023 concluded that Albania, the Cayman Islands, Jordan and Panama will no longer be subject to the FATF's increased monitoring process.

The EU list of high-risk third countries has not been updated. And that's our November summary. My email address is ngreene@algoodbody.com. Thank you.