



MAPLES
GROUP

QIAIFs

A Guide for Asset Managers

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They are outstanding on international aspects...

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

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

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Maples is a global titan in the investment funds arena...

...regarded by some as being 'the best in Dublin'...

Exceptional knowledge of the investment funds industry sector...

LEGAL 500

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

The team at Maples is outstanding...

Leading Irish firm advising on funds & investment management, often being the first to implement new products...

IFLR1000

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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 2022).

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 Investors").

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

Ireland is one of 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 investment 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 3:00pm 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 AIF strategies used by hedge funds, private equity, real estate funds, credit funds, fund 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 depository and administrator. In addition, the QIAIF must appoint Irish legal advisors and auditors. Each QIAIF must have at least two Irish resident directors.

Eligible Investors

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

Available Legal Forms

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

The ICAV and the ILP are the most popular vehicles for asset managers forming QIAIFs. For more details on these structures, please refer to our [ICAV Brochure](#) and [ILP Brochure](#) respectively.

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 the 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.

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 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 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 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

Our Global Registration Services is integrated within our Funds & Investment Management Group and provides cross-border fund registration services in all key distribution markets across Europe, Asia, Latin America and the Middle East. Our core services provide support throughout the distribution chain to include market intelligence, market entry and maintenance of ongoing reporting and filing obligations.

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.

Navigating the requirements around the distribution of fund products on a multi-jurisdictional basis is highly complex. The Maples Group's Global Registration Services ("GRS") team supports and assists managers navigating the complexity of requirements associated with distributing their products in a multi-jurisdictional environment.

Combining expert local knowledge with full project management functionality, we provide a centrally-managed service supported by an integrated global network of experts. We manage all legal and regulatory aspects governing the cross-border marketing of fund products on both a private placement and public offer basis.

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.

Market Intelligence :

- Practical information on distributing fund products cross-border, including registration and ongoing compliance obligations ;
- Advice on permissibility of pre-marketing activities.

Market Entry :

- Pre-Marketing Notifications for EU and non-EU AIFMs ;
- Restricted Offerings / National Private Placement Regimes ("NPPRs") ;
- EEA Passport (UCITS and AIFs) ;
- EEA Facilities Agent Services ;

Ongoing Maintenance :

- Ongoing reporting and filing obligations with National Competent Authorities ;
- Periodic reporting to Board of Directors ;
- Quarterly market update ;
- AIFMD Annex IV Reporting ;
- AIFMD Depo Lite Services.

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

TAX HEADLINE POINTS FOR QIAIFs

No Withholding Tax

No withholding tax on dividend or redemption applies on payments to non-Irish investors or certain Irish resident exempted investors.

Tax Treaty Access

Irish 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 Irish QIAIFs (e.g. investment management, administration, transfer agency, depositary etc.) are treated as VAT exempt in Ireland. In general, the activities of Irish QIAIFs are considered to be VAT exempt, however, funds may be required to register for VAT if they receive taxable services from outside Ireland under the reverse charge VAT rules. To the extent that the Irish QIAIF fund 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 an Irish QIAIF. No subscription taxes are levied by the Irish tax authorities on the assets of an Irish 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 the US FATCA regime, the OECD common reporting standard ("CRS") and Council Directive (EU) 2018/822 on mandatory disclosure for cross-border transactions ("DAC6"). 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

An Irish QIAIF structured as a CCF or ILP is treated as a tax transparent entity for Irish tax purposes and therefore its income and gains are treated as arising to the investors, in proportion to the value of the units beneficially owned by those investors. The CCF or ILP is required to make a statement to the Irish Tax Authorities setting out the income and gains arising to the fund, the name and address of each investor and the quantum of the total amount of income, gains and losses of the fund allocated to (or deemed to be allocated to) each investor.

Investors may be subject to tax in their home jurisdiction and may be able to access the benefits of double tax treaties between their home jurisdiction and the jurisdiction of the underlying investment.

US "Check-the-Box" Options

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.

Compliance Requirements

Irish QIAIFs which fall within the investment undertaking tax regime are obliged to register with the Irish Tax Authorities to obtain a tax reference number and each QIAIF must file a bi-annual tax return with the Irish Tax Authorities.

PAYE

Remuneration arising from the office of director of an Irish incorporated company, including QIAIFs structured as ICAVs or investment companies, is subject to the Irish income tax PAYE system of deductions at source, irrespective of where the director is resident or domiciled for tax purposes. An exemption may be available if the director in question has obtained a PAYE Exclusion Order.

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The background of the image is a photograph of a modern, multi-story glass skyscraper. The entire image has a blue color cast. A semi-transparent white rectangular box is centered over the middle of the image, containing the text. The text is white and describes the services of The Maples Group.

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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