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Ireland Alternative Investment Fund Services 2017

Positioning to be the European RegTech leader

Service providers adopt client partnership path

Multiple growth drivers boost funds industry

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Ireland: Positioning to be the European RegTech leader

By James Williams

Dublin's International Financial Services Centre (IFSC) employs over 38,000 people and is home to some of the world's leading financial institutions; industry stalwarts such as Merrill Lynch, ABN Amro, JP Morgan.

But in recent years, this area of Dublin has ushered in a slew of technology companies, many of them exciting start-ups specialising in financial technology. Alongside the likes of Google, Twitter, LinkedIn and Airbnb, all of whom have their European headquarters located here, a number of interesting start-ups have sprouted up, causing some to dub this area 'Silicon Docks'.

Firms such as Propertygate and Certus (portfolio management), CR2, Acquirer Systems, CurrencyFair, FINCAD and

FundCalcs service all parts of the financial services domain. This reflects the commitment that Ireland has to 'FinTech' and is very much at the heart of the Irish Government, as is evidenced by its IFS2020 strategy for International Financial Services, which aims to create 10,000 new jobs in the IFS sector (largely through supporting FinTech) by 2020.

Within FinTech, one clear trend in Dublin is the emergence of technology companies that aim to address the regulatory and compliance challenge facing all parties in financial services. These 'RegTech' companies are being established by silver foxes; people with many years' experience in the industry and a deep understanding of the operational challenges.

“There are at least 10 such companies in Dublin with strong capabilities. For example: Silverfinch, FundApps, FundRecs and TradeFlow,” says Cillian Leonowicz, Senior Manager Consulting and Deloitte Ireland FinTech Lead.

Silverfinch creates connectivity between asset managers and insurers through a fund data utility, FundRecs offers reconciliation software while TradeFlow provides data tracking and risk alert technology capabilities.

“Based on recent research we did around FinTech, what we found is that there is a niche core of companies in Ireland focusing on RegTech. The bottom line is if you talk to any of our clients and ask them what their pain points are, regulation is going to be in the top three. For our clients, it is a real pain that they are looking to overcome,” notes Lory Kehoe, Director Consulting and Deloitte EMEA Blockchain Lab Lead.

The requirement for stronger data management in terms of having a central pool of data that one can slice and dice is becoming critical because global regulators are increasing the regulatory burden and changing the requirements. This is not about to reverse any time soon.

One particular solution that could well end up becoming the primary container for data to do the slicing and dicing is Blockchain.

Deloitte has just selected Dublin as the base for the creation of an EMEA Financial Services Blockchain Lab as part of its FinTech initiative ‘The Grid’. A 50-person team will focus on developing strategic blockchain capabilities and proof-of-concepts into functioning prototypes to create ‘ready to integrate’ solutions for financial services clients.

“One of the best uses of this technology is being able to change the back-end reporting requirement when it is in the core blockchain; once it is changed, it is changed for the entire industry. We are currently exploring how blockchain can be used as a container for data which can then be sliced and diced for current and future regulatory requirements,” says Kehoe.

Moreover, the information being logged in the blockchain is immutable. It can’t be changed and this therefore has the potential to drastically improve transparency.



“If you talk to any of our clients and ask them what their pain points are, regulation is going to be in the top three. For our clients, it is a real pain that they are looking to overcome.”

Lory Kehoe, Deloitte

The drive for transparency continues apace within the hedge fund industry, which just recently saw the US billion dollar manager Platinum Partners face allegations of fraud.

“There was a reliance on third party pricing, which wasn’t properly investigated, the brokerage reports weren’t investigated. Mr Trump is talking about having a lighter touch regulation to promote the US financial services industry but that simply isn’t plausible if they want to properly regulate the industry,” says John Bohan, Managing Director – Europe, Apex Fund Services, who says that managers want to use their fund administrator as more of a one-stop shop.

“If they’ve got a number of hedge funds, private equity funds domiciled in various jurisdictions with a mixture of US and non-US investors they need to be able to extract relevant data to perform K1 calculations on tax, risk reporting for internal purposes and for external client purposes, etc. That automatically becomes a high demand for an administrator unless they’ve got the technology to meet that demand,” observes Bohan.

“We’ve over 1,400 funds across the Apex group globally. We know that 18 per cent of those funds are PE and RE funds. We also know from our opportunity pipeline using Salesforce that the next six to nine months shows a much higher percentage of PERE funds so we can see what investment strategies are proving popular with investors right now and what might be coming around the corner.

“Based on this level of information we can develop stickier client relationship and generate fees from regulated as well as unregulated funds,” he adds.

Asked how important it is for asset servicers to have access to a thriving



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Forging closer links with clients

Interview with Linda Gorman

Alternative fund managers have had a myriad of regulatory change to contend with over recent years. In the early stages, many chose to take on the reporting burden themselves. This was very much a learning curve.

However, as the complexity of regulatory compliance has increased, fund managers have looked to consider how much they want to handle internally versus how much they want to outsource.

“We now see a significant amount of fund managers choosing to outsource their regulatory requirements,” says Linda Gorman, CEO of Quintillion Limited, a European-based affiliate of U.S. Bancorp Fund Services. “Essentially everyone has come to the conclusion that this is one set of data used in different ways for different regulatory requirements. In a lot of instances, that process is quite fragmented as managers’ businesses have grown and evolved over time.”

Gorman explains that at the beginning of 2016, Quintillion decided from a product and strategy perspective to put a dedicated team together to bring a best-in-class solution to the market.

“We are currently working through an RFP process with both established and emerging technology providers to find the best solution to offer the broadest range of regulatory reporting to our clients. As part of that process, we are looking a broad range of providers who have a strong open architecture underpinning their service offering,” says Gorman.

Quintillion, and indeed U.S. Bancorp Fund Services as a whole, are talking to technology providers who previously might have been licensed by investment managers to supplement their internal operational resources. What has changed, says Ken Somerville, Head of Business Development at Quintillion is “that rather than managers



Linda Gorman, CEO of Quintillion Limited

becoming individual clients of those technology firms, service providers including Quintillion have become the clients to those technology firms on a more wholesale basis.

“We administer approximately 160 alternative funds and deploy technology across all of them, as opposed to a manager who might use the technology for a handful of investment funds. Regardless of whether it is AIFMD, FATCA, CRS or EMIR, our IT infrastructure is designed to take full advantage of the software providers we partner with.”

This need to provide comprehensive regulatory reporting support to fund managers has led to an operational shift at Quintillion. It has become more of a centralised database management approach to reporting, says Somerville. “Due to the fact that we are providing comprehensive reporting for a broad range of clients and strategies, we manage all of our output at the database level.

“Having had managers experience first-hand the onerous nature of doing regulatory reporting on a piecemeal basis, the marketplace has taken a 180-degree turn and we are now the licensees of software and have operations staff who are fully dedicated to the role of regulatory reporting,” outlines Somerville.

This in turn has helped to forge closer partnerships. “We want to understand what our clients’ challenges are currently, and work with them to help ensure we create the right solution(s) based on the fact that we already have so much of their fund data in our systems.

“It’s all part of the wider trend to push outsourcing from managers to their service providers. They are feeling the fee compressions and regulatory pressures, so where we can remove some of that burden our clients are receptive to that and we have the tools to do so,” concludes Gorman. ■

- 4 ► fintech/regtech ecosystem in Dublin, Bohan asserts that it is “essential” that service providers utilise innovative fintech brands “as new technologies continue to drive industry progression and in turn influence client expectations”.

He thinks that Ireland has the capacity to become Europe’s leading RegTech jurisdiction given that has already established itself as the largest centre for fund administration globally with over 43 per cent of the world’s hedge funds administered there.

“The growth of the ‘Super Management Company’ has fuelled greater demand for risk and/or OMS/PMS technology as well as the back office end. With so much new business, on both the client and service provider sides, invariably the environment becomes a rich financial services centre with multiple fintech businesses feeding and fuelling that growth,” says Bohan.

Another service provider paying close attention to Ireland’s RegTech revolution and the opportunities that could arise to enhance their operating model is Quintillion, a subsidiary of US Bancorp Fund Services. Ken Somerville, Head of Business Development at Quintillion, says that by virtue of AIFMD and other global regulation, managers have been faced with a slew of reporting requirements, such that it has become operationally onerous; it has taken on a life of itself.

“As each of the reporting agencies have dictated or defined their reporting criteria, managers have put in a lot of effort to construct solutions and get themselves in a position where they are equipped to understand the content of those reports. It has been a rationalisation process, which has led to a shift from manager-led responsibility to more of a collaborative responsibility,” says Somerville.

The inference here is that as managers increasingly outsource regulatory and compliance tasks, it is the fund administrator rather than their own fund management companies that end up becoming the licensees of software providers.

“The solution that fund administrators need to offer to the marketplace should be flexible enough to allow for the manager’s own risk appetite. Some managers want complete outsourcing of regulatory reporting



“The solution that fund administrators need to offer to the marketplace should be flexible enough to allow for the manager’s own risk appetite.”

Linda Gorman, Quintillion

but for others it is a hybrid approach where they ask us to do a lot of the data preparation before they make the filing(s),” says Linda Gorman, CEO of Quintillion.

One of Dublin’s leading RegTech companies is AQMetrics. The firm’s CEO, Geraldine Gibson, served on the management team of the risk and compliance software company Norkom before it was acquired by BAE Systems in 2011. Before AQMetrics was established in 2012, Gibson served as Head of Professional Services at BAE Systems.

Discussing Ireland’s RegTech ecosystem, Gibson has a slightly more established viewpoint. She points out that 10 years ago, people didn’t refer to software companies that provided regulatory risk and compliance solutions as ‘RegTech’ companies, though that is exactly what they were.

Given the Brexit decision last June, Gibson thinks this is causing people in Ireland to look at how Ireland is positioned as a financial services jurisdiction to service the globe. “For RegTech companies, there probably are more opportunities for them. In the end, there will be more regulation. It is not going to disappear. Everybody is looking for automation, everybody is looking for efficiency and that in itself brings opportunities for RegTech,” she adds.

To that end, one of the most challenging pieces of regulation set to impact market participants is MiFID II (Markets in Financial Instruments Directive II), set to be introduced in January 2018.

This January, AQMetrics announced that it had made new enhancements to its end-to-end risk and compliance solution, which sits on the AQMetrics cloud-based platform. These enhancements will help both buy-side and sell-side firms better prepare for MiFID II and include the following:

► 10



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Moving towards the paperless office

Interview with John Bohan

The Irish Government is keen to embrace the FinTech revolution as is evidenced by its IFS2020 strategy for International Financial Services, which aims to create 10,000 new jobs in the IFS sector by 2020.

One particular area of innovation underway in Ireland is the emergence of regulatory technology or 'RegTech' with a plethora of start-ups now operating out of Dublin. Part of the reason for this is that sell-side institutions and fund management groups, burdened by the weight of regulation, regard outsourcing as an attractive option because regulatory operations are effectively a non-competitive differentiator.

This thriving technology ecosystem is benefiting Ireland's service providers such as Apex Fund Services, which has two of its 33 offices situated locally and a total group AuA of USD45 billion globally.

"Currently Apex is listed as one of the top 20 largest administrators globally but we are looking to break in to the top 10 over the next few years and ultimately become the single largest independently owned fund administrator. We think there are M&A opportunities that could provide good synergies with respect to regulation technology and reconciliation technology," explains John Bohan, Managing Director - Europe, Apex Fund Services.

Bohan believes that unless fund administrators heavily invest in the right technology and systems they will not be at the races and will lose market share.

"Unless administrators employ robust processes, from a technology perspective, for taking data and repackaging it into the correct format, they risk losing out on the inevitable revenue stream it presents," says Bohan, adding:

"It is important that the multitudes of HNW investors out there are tracked in an



John Bohan, Managing Director – Europe, Apex Fund Services

efficient way. Utilising fintech solutions to deliver accurate and instant tracking and reporting, whether it be on the tax side (FATCA, CRS), the risk reporting side, or the regulatory reporting side (Form PF and Annex IV), is becoming essential in the current fund environment. Service providers need to employ these technologies to remain competitive and deliver the levels of responsiveness and support expected by managers".

The Apex Ireland offices are currently in the process of becoming paperless, such is the level of automation they are introducing to their operating model. The Apex group as a whole is working toward calculating all fund NAVs online and in PDF format, with Bohan confirming that they are also looking at introducing auto-reconciliation technology "across the majority of funds".

"At each of Apex's 23 operational centres around the world the staff will see, when they come into work, that their client's portfolio has already priced overnight, properly reconciled and any transfer agency activity already input.

"The construction of a NAV for clients used to be like producing an audit file yet as the industry has evolved, with respect to the squeeze on fees and demands on clients for additional reporting, a firm's survival is dependent on embracing technology; for fund administrators it means generating paperless NAV's that are auto-reconciled, reducing the time needed to put together a full NAV file, or using spreadsheets to print off brokerage reports, etc. Those who continue doing that will likely not survive," asserts Bohan.

Once Apex has completed rolling out its paperless office across the group, the ability to fully automate the NAV production should help improve its business margins. ■



- 7 ► • An updated Supervisory Control Portal and Risk Register to provide client classification and product appropriateness factors and scoring;
- Additional Risk Monitoring analytics to cater to Best Execution and Transaction Cost Analysis (TCA)
 - A new regulatory reporting solution whereby AQMetrics is authorised as an ARM (Approved Reporting Mechanism) under MiFID II. AQMetrics is currently reviewing several MDP (Market Data Processor) specifications from National Competent Authorities to enable passporting of MiFID II regulatory reporting into all European Regulators.

Claire Savage, COO of AQMetrics, notes:

“Where we resonate – based on my discussions with prospective clients – is we aren’t just selling an interface into a reporting system. We have a lot of deep regulatory knowledge and this is all built into the platform. We can talk about MiFID II as a whole to the client and ask, for example, how they manage the process when a client changes from retail to professional. We listen to their manual processes, understand what their challenges are, and then explain to them how it can be automated, controlled and audited to bring them in line with regulation.”

In this regard, technology is just the enabler. It shows a client how it could slot



“The reality is, the FinTech companies operating in Ireland, in many instances, have more value to offer the asset servicers than vice-versa.”

Cillian Leonowicz, Deloitte

into their business and improve things.

Going forward, the challenge for Ireland’s RegTech community is going to be how they develop effective partnerships with the traditional asset servicer names listed at the start of this editorial.

“How will a global asset servicer embrace the different culture of working with start-ups and partner with them on a level that doesn’t come across as the big boy bullying the small guy? The reality is, the FinTech companies operating in Ireland, in many instances, have more value to offer the asset servicers than vice-versa because they have, or are developing, specific solutions to the regulatory and operational challenges that fund administrators, etc, are looking to solve. The trick is finding the balance and parity of esteem between the two for problem solving and value creation that sticks.

“It’s an interesting dynamic in Ireland right now,” concludes Leonowicz. ■



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ML Capital evolves fund solutions offering

Interview with Cyril Delamare

ML Capital, one of Ireland's leading management company groups, has grown to exceed EUR3 billion of AUM over the last 12 months. The growth trajectory over recent years has enabled ML Capital to evolve from being a leading UCITS platform operator to being more of a fund solutions provider to managers and investors alike.

"They come to us, tell us what they need and we give them the best fund structure and solution; whether this is going on to one of our platforms and launching a sub-fund and using us as the third party ManCo to perform all the operational and compliance tasks and helping with distribution, or setting up standalone funds. We have developed a series of solutions and segmented the offering for managers," says Cyril Delamare, CEO of ML Capital.

ML Capital operates two platforms: MontLake QIAIF and MontLake UCITS. Both avail of the Irish ICAV structure, the latter being UCITS V-compliant.

Delamare says that both platforms grew in 2016. "Both have recorded net inflows and have launched new sub-funds. The ICAV is proving to be a really good format. It has modernised the Irish fund structures available to managers," remarks Delamare.

"Much of our demand for European regulated funds has been investor-driven, something we believe to be a real differentiator. An investor will have discussions with a fund manager and agree to invest with them but only on the basis that they have a properly regulated and appropriately managed fund structure."

This, says Delamare, is pushing the Irish fund model away from self-managed fund structures to management company-led structures where ML Capital will act as the appointed Management Company.

"Oftentimes, an investor will come to us and say, 'We want to launch this manager,



Cyril Delamare, CEO of ML Capital

can you assist with the launch process?' If the manager has a particular set of service provider requirements and sufficiently large seed capital we will typically set up a standalone fund structure but if the seed capital is on the lower side, we will onboard them onto one of our platforms.

"It's been an interesting evolution going from the self-managed MontLake UCITS and MontLake QIAIF model to one where today we act as a super management company ('MLC Management'). We believe that going forward, management company-led fund structures will be the way to go. We don't believe that the old self-managed fund model will work in the next few years," says Delamare.

Delamare says that in terms of QIAIF launches last year, they were typically in the arbitrage world and in the CTA/macro world.

"That is the result of investors focusing on trying to find hedge funds that can complement their long-only exposure. Investors last year were really focused on managers running less directional strategies. There was also strong demand in the hard asset space. We've also seen private debt funds launch; we launched a multi-strategy private debt fund a few months ago, for example.

"Investors like these strategies as it gives them a way to reduce their exposure to sovereign and government bonds but they are still only a small slither of their overall fixed income exposure," says Delamare.

Both managers and investors expect more from management companies today; they want excellent client service, reporting, distribution, active oversight on the products, etc. That is exactly what ML Capital brings to the table. It is no longer good enough to simply be the fiduciary.

"We are very active with our fund manager and investor clients. We are the link between both parties," concludes Delamare. ■



Multiple growth drivers boost Ireland's Funds Industry

By James Williams

There are a number of encouraging developments in Ireland that would, on the surface, appear to place it on a strong footing to further enhance its reputation as Europe's leading onshore alternative funds jurisdiction.

If one looks at fund growth, through October 2016 (the most recent figures at the time of writing) the aggregate AUM of Irish QIAIFs increased by 7 per cent with net sales reaching EUR10 billion. At the end of 2015, total assets in Irish ICAV fund structures stood at EUR6.2 billion. By the end of October 2016, that figure had risen to EUR26.5 billion.

"The ICAV also recorded strong net sales. In the 11 months through to November 2016, there were net sales of EUR16 billion into ICAVs, split between QIAIFs and UCITS; the former had EUR8.9 billion in net sales, the latter EUR7.1 billion," confirms Kieran Fox,

Director of Business Development, Irish Funds (the Irish Funds Industry Association).

"The ICAV is well regarded by global asset managers and generally accepted as the legal structure of choice for new corporate fund structures," he adds.

The ICAV appears to be used proportionately more by investment managers launching QIAIFs, which is probably a function of more corporate AIFs being established. The ICAV also makes it easier to set up master feeder structures that are more common in AIFs than UCITS. This is a trend that Fox expects to continue for the foreseeable future.

As more investment managers choose to adopt the ICAV to use as a platform facility, this could result in the overall number of QIAIFs springboarding over the next year or two. Kepler Partners, Old Mutual Global Investors, Legal & General Investment

Management, OppenheimerFunds and EnTrustPermal have all established ICAV platforms over the last 12 months to launch multiple fund offerings.

"The ICAV is flexible and can be used for any strategy type. There is no reason why any particular fund structure couldn't use an ICAV. It can be used for any type of product range or asset class," states Fox.

Donnacha O'Connor is Partner at Dillon Eustace, one of Ireland's leading law firms. In his view, the ICAV has become "more than the sum of its parts".

"The ICAV has technical advantages over other corporate fund structures in that it can 'check the box' for US federal income tax purposes, it can produce separate financial statements for its sub-fund and it is subject to a tailored piece of funds legislation, rather than general company law and so on. The ICAV is also popular with managers and distributors because it's easy to understand it as the Irish SICAV or the Irish OEIC and it has become a marketable brand," comments O'Connor.

Ken Somerville, Head of Business Development at Quintillion Limited, a European-based affiliate of U.S. Bancorp Fund Services, believes that the ICAV has emerged as a key growth driver for Ireland and has "become the go-to solution for investment managers establishing funds in Europe, and in particular those in the CLO space who are branching out into funds.

"That has been a real advantage within U.S. Bancorp because it has allowed us to deploy the combined services of fund and loan administration. This has been a really positive development for Ireland and the asset servicing community," says Somerville.

This is being further supported by a growing trend of established fund managers choosing to add an Irish regulated fund product to their fund stable. "They are looking for something to run alongside their offshore Cayman master/feeder structure, for example. The ICAV is attractive to alternative fund managers who perhaps want a regulated fund product within their traditionally offshore product range," adds Linda Gorman, CEO of Quintillion.

Philip Lovegrove is a partner in law firm Matheson's Asset Management and Investment Funds Group. He is in no doubt



"The ICAV is well regarded by global asset managers and generally accepted as the legal structure of choice for new corporate fund structures."

Kieran Fox, Irish Funds Industry Association

that the ICAV is very much part of Ireland's growth story.

"Nowadays, both across the hedge fund and the UCITS world, it is really the default structure for a fund. Unless there is a specific reason why someone might want a unit trust or limited partnership or a common contractual fund, they would choose the ICAV. It has replaced the Irish Plc, which had been used for a long time and worked fine but the ICAV does the same things, only better. We haven't set up a Plc for at least a year," says Lovegrove.

He says that one particular area of business that has proven busy in the last 12 months is in relation to fund platforms.

"We have a number of clients that run multi-manager platforms using the ICAV. It allows for a much easier entry point for smaller managers looking to come onshore for the first time; these platforms provide a very simple solution for all of their compliance and regulatory needs," explains Lovegrove.

One management company that has decided to use the ICAV for both its UCITS and AIFMD platforms is ML Capital, who now operate as a Super ManCo. Looking ahead, the fact that it also has a MiFID license could work in its favour as UK-based fund managers face uncertainty over AIFMD passporting rights as a result of Brexit.

"We are probably one of the only providers in Dublin that offers a Super ManCo solution for UCITS and AIFMD as well as holding a MiFID license. Having these licenses enables us to act as the investment manager to a number of fund structures with discretion and will allow us to respond to what managers may need in the future.

"I would say that we have active discussions with UK fund managers whereby ► 17



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A 'KURE' for regulatory fatigue

By Ras Sipko

For the past four years, alternative fund managers with US investors have been coming to terms with the far-reaching effects of the Foreign Account Tax Compliance Act or FATCA. Some 60-plus countries have signed up to cooperate with the IRS in order to enforce FATCA and this year the compliance burden is set to grow yet again. On 31st May 2017, fund managers will have to submit their first filing under the OECD Common Reporting Standards initiative, which can best be thought of as global FATCA or 'GATCA'.

Creating an internal programme to comply with FATCA/GATCA is the first massive hurdle for many firms. This includes, at a minimum, creating business procedures for the following critical items:

Collection of data & documents

- Organising and gathering all relevant account holder information.
- Tracking and storing government documentation.

Categorisation of in-scope accounts

- Tracking aggregate balance of the account holder and underlying beneficial owners.
- Incorporating depository accounts, custodial accounts, equity or debt instruments, and certain insurance and annuity contracts.

Identification of US indicia

- Collecting and storing indicia; that is, characteristics or identifiers which indicate country of origin or resident status in order to identify responsible parties for tax withholding.

Further review and reporting

- Internal reporting on all types of acquired data.
- Reporting to governmental agencies.

Against this complex backdrop of increased global regulation and compliance, KOGER USA has developed an efficient, scalable 'cure' to remedy the solution. Known as KURE (KOGER Universal Regulatory Engine), it helps clients to coordinate the management of all aspects of compliance, providing an automated approach that reduces many labour intensive manual tasks.

KURE is able to increase efficiency by offering:

- Complete tracking of underlying investments and beneficial owners, in even the most complex fund structures.
- Automatic extraction of indicia such as citizenship details, Tax IDs, GIINs, and other relevant fields from existing holder records.
- Automatic extraction of all parameters and data from government forms.
- Dynamic adjustment of compliance status based on indicia documents' expiration dates and real-time monitoring of asset levels.

Key features of the KURE AML/KYC module include:

- **Custom risk scoring:** We customise the system to store the specific risk assessment criteria and use the same risk level assignment paradigm as is used by your specific organisation uses.
- **Risk-level-based document tracking:** Assigned risk level dictates what specific documentation is required and monitored for receipt.
- **Scalability for any sanction/PEP list provider on the market:** Whether free or purchased, our flexible solution can interface with any single list or multiple lists one chooses to utilise.
- **Ability to interface with other third party fund administration systems:** KURE can serve as a central repository for all of your clients' compliance-related data, regardless of whether or not their funds are administered by Koger products.
- **Report withholding and automated email notification of outstanding documents:** The system automatically withholds reports from recalcitrant investors and informs them of outstanding document requests.
- **A team of analysts, business users, and programmers** constantly monitors industry trends and regularly enhances the system to be in sync with the latest regulatory changes and reporting standards.

We at KOGER® believe that the KURE application, now, more than ever, provides a uniquely scalable, flexible, and unified solution for efficient management and increased automation of both your anti-tax-evasion-law compliance and operational due diligence responsibilities. ■

- 14 ► we will have contingency plans in place for them should they lose those passporting rights in the next couple of years,” says Cyril Delamare, CEO of ML Capital.

If a non-EU manager is marketing a Cayman fund in the UK and Switzerland and nowhere else in Europe, they tend to look firstly at private placement rather than re-domiciling the fund to the EU, says O'Connor.

“Where we see non-EU managers looking first at an EU product is when the product is going to be marketed to investors that require an EU domiciled fund or where it is to be marketed into jurisdictions where private placement is not recognised, such as Italy, or where private placement triggers onerous requirements, such as in Germany and the Nordics,” says O'Connor.

ML Capital is very hands on with those managers who are looking at the platform option as an efficient route into Europe.

“We listen to what the client needs, in order to provide the best solution depending on what their strategy requires to be run properly, and what the end investors would be expecting from a fund structuring perspective. We manage the entire launch and deliver a finished product within an agreed timeframe.

“Once the fund launches, we actively operate it on an ongoing basis helping managers to manage their service provider relationships, their distribution strategy, their rebate management with the various platforms and we also answer any investor requests,” confirms Delamare.

Amendments to Irish Limited Partnership Act

As well as ICAV and QIAIF growth, one factor that could facilitate private equity growth over the mid-term is the amendments currently being made to the Irish Limited Partnership.

“There's ongoing work around improving the structural offering that we have with respect to the Irish Limited Partnership Act. Private equity has been a big theme the last 12 months and I think this will continue into 2017,” remarks Lovegrove.

Ireland is a jurisdiction that global managers (especially US managers) are aware of more generally given its popularity for hedge funds and although private equity



“Private debt fund launches have been prevalent and we are starting to see pure PE strategies launch but not to the same extent.”

Donnacha O'Connor, Dillon Eustace

hasn't yet been a big theme, this could change when the updated LPA is introduced.

“It was enacted in 1994 and hasn't been updated since. We hope some time this year to see the amendments made and an updated version of the Act introduced.

“I think it will be a big selling point for the jurisdiction. Private debt fund launches have been prevalent and we are starting to see pure PE strategies launch but not to the same extent,” comments O'Connor.

Loan origination changes

At the end of November, the Central Bank of Ireland announced that it was making a number of improvements to the Irish loan origination QIAIF; something that Matheson's Lovegrove says has “kick started” quite a bit of interest: “We are working on a number of projects currently.”

Fox says that this decision was the result of two factors: firstly, the level of interest in the loan origination QIAIFs among investors and secondly, “we had engaged with the CBI to make some changes to the product requirements in order to make it more usable and flexible.”

New Chinese RQFII quota

A final growth driver, which should augur well for Ireland is the announcement made last December that China had granted it a EUR6.89 billion quota under the Renminbi Qualified Foreign Institutional Investor (RQFII) scheme. This comes on the back of the CBI giving its imprimatur to Irish UCITS and AIFs that wish to invest through the Shenzhen-Hong Kong Stock Connect programme.

“Increased access to China with the RQFII, the amended Irish Limited Partnership and the changes made at the end of 2016 to the Irish loan origination QIAIF are all positive developments for the jurisdiction,” concludes Fox. ■