



The Irish Qualifying Investor Alternative Investment Fund (QIAIF)

What is a QIAIF?

The QIAIF is the regulated Alternative Investment Fund Managers Directive (AIFMD) compliant structure in Ireland aimed at institutional or sophisticated investors. QIAIFs have minimal investment and borrowing restrictions and may be utilised by managers for all types of strategies.

Key features

A summary of key QIAIF features are:

- **Asset Types and Investment Strategies:** QIAIFs may generally invest in any asset type and conduct any investment strategy. QIAIFs are commonly used for, long/short equity and other traditional hedge fund strategies, real estate, credit, distressed securities, private equity and loan origination (**L-QIAIFs**).
- **Borrowing and Leverage:** QIAIFs (other than L-QIAIFs) have no limits on borrowing and leverage.
- **Diversification:** QIAIFs generally have no diversification requirements, with the exception of L-QIAIFs and QIAIFs established as variable capital companies (**VCCs**) (discussed below), which have minimal diversification requirements.
- **Fast Track Authorisation:** QIAIFs that have an authorised AIFM (and approved portfolio manager, if utilised) can generally be authorised within 24 hours of applying to the Central Bank of Ireland (**CBI**).
- **Favourable Tax Regime:** QIAIFs are exempt from Irish tax on income and gains, irrespective of the residency of investors. Withholding taxes do not apply on income distributions and redemption payments made by QIAIFs to non-Irish resident investors and no subscription tax is payable by the QIAIF. QIAIFs can be coupled with special purpose vehicles for even greater tax efficiencies.
- **Flexible Capital and Liquidity Structures:** Subscriptions can be on a full, payment or commitment basis and QIAIFs are capable of being open-ended, limited liquidity and closed-ended.
- **AIFMD Marketing Passport:** QIAIFs that appoint an EEA authorised AIFM can market into any EEA country via the marketing passport, similar to the marketing passport for UCITS.
- **Minimal Ongoing Reporting and Publication Requirements:** QIAIFs are required to produce and provide to investors an offering document and financial statements. Umbrella structures (other than VCCs) can have different accounting dates for each sub-fund. QIAIFs are required to provide the CBI with certain statistical data on an ongoing basis.
- **Variety of Legal Structures:** Can be setup in a variety of legal structures, including corporate, partnership and other contractual structures. All structures,

other than partnerships, are able to be umbrella funds.

Service Providers

Each QIAIF structure will require:

- An EEA-authorized alternative investment fund manager (**AIFM**) (corporate vehicles can be internally managed) or, in certain limited cases, can utilise a non-EEA AIFM (but cannot avail of the passport under AIFMD).
- Typically, a portfolio manager (which must be approved by the CBI to manage Irish funds) or a non-discretionary investment adviser as a delegate of the AIFM.
- Board of Directors (corporates)/ AIF Management Company (contractual funds) (can also be AIFM)/ General Partner (partnerships).
- Irish domiciled depository for custody of assets.
- Fund accountant and transfer agent (generally one entity called the “Administrator”) which is generally Irish domiciled.
- Auditors.
- Irish legal advisers.
- Irish corporate secretary for corporate QIAIF or Management Company/GP.
 - Dechert Secretarial Limited is Dechert Dublin’s Company secretarial arm and offers full service secretarial support.

Legal Structures

QIAIFs may be established using the following structures:

- Corporate Structures:
 - Irish Collective Asset Management Vehicle (**ICAV**) (the default option)
 - VCCs (this structure is no longer typically utilised).
- Contractual Structures:
 - Investment Limited Partnership (**ILP**).
 - Unit Trust.

- Common Contractual Fund (**CCF**).

All structures, with the exception of the ILP, can be umbrella structures (sometimes called “segregated cells” or “series”). The umbrella structure provides scalability as new sub-funds can be added without requiring new infrastructure (board/management company, service providers, contracts or documentation (other than the specific fund particulars)). This reduces costs and provides better negotiating ability with service providers (as costs can be based on total AUM of the platform rather than one sub-fund).

Umbrella structures are a single legal entity with each sub-fund operating separate portfolios with segregated assets and liabilities pursuant to law. Each sub-fund can have different strategies, portfolio managers and liquidities.

Investor Eligibility and Minimum Investments

A QIAIF may only be marketed to “qualifying investors”, which include: (i) a professional client within the meaning of AIFMD; (ii) investors with an appraisal certifying their suitability from an EU credit institution, MiFID firm or UCITS management company; or (iii) an investor that self-certifies as to having sufficient knowledge and experience or actively engaging in business in the same type of assets as the fund is offering.

Within the EEA, investors are restricted to professional clients, unless the local jurisdiction permits sales to the types of investors indicated in (ii) and (iii) above.

Investors must subscribe for a minimum investment of €100,000 or its foreign currency equivalent.

Subject to the completion of appropriate certification requirements, an exemption from the minimum subscription requirement and qualifying investor criteria is available to the investment manager or company appointed to provide investment advisory services and to directors or senior employees of these entities.

How Dechert Can Assist

- Detailed fund structuring and planning, including global tax advice, cross-border structuring and distribution planning to allow you to maximise your investor base.
- Preparing required fund documentation and negotiating contracts (information memorandum, constitutional documents, administration, depositary, AIFM, portfolio management and trading contracts).
- Preparing compliance policies and procedure manuals.
- Obtaining CBI authorisation.
- Irish-based global registrations team that leverages off Dechert's global offices and client-focused desktop solutions.

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