

Regulatory times

Welcome to the latest edition of our quarterly PwC Ireland asset management newsletter. It covers both local and international regulatory topics affecting the Irish funds industry.

November 2011



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Central Bank Publishes Regulations and Standards of Fitness and Probity

On 1 September 2011, the Central Bank of Ireland published its Regulations and Standards of Fitness and Probity. The new regime will be introduced on a phased basis to allow institutions adequate time to introduce the necessary internal controls and procedures to comply with the Regulations and Standards.

From December 1, 2011 existing and new staff in Pre-Approval Controlled Functions ("PCFs") will be subject to the Regulations and Standards. Firms are required to notify the Central Bank of each individual in the organisation in a PCF by 31 December 2011.

From March 1, 2012 new appointments to less senior positions Controlled Functions ("CFs") will be subject to the Regulations and Standards. From 1 December 2012 the Regulations and Standards will apply to all staff in existing CFs.

The Central Bank today also published Draft Guidance for industry which, among other things, indicates the type of due diligence that regulated financial service providers should carry out in relation to persons proposed for or holding PCFs or CFs. Interested parties have until September 30, 2011 to respond to the Draft Guidance.

UCITS Outward Marketing Requirements

The Central Bank wish to ensure that all notification letters and/or submission documents are correct and complete prior to submission. Having correct and complete documentation will assist in making the notification process more efficient and freeing up resources at the Central Bank. To aid the correct preparation of documents the Central Bank has prepared a note which details some common issues being experienced with the Outward Marketing notification documents.

Notification letter

- The letter should be prepared in type print.
- Part A – all subfunds should not be listed – only those that are to be newly marketed in the jurisdiction should be included.
- Part A – only include documents that relate to the new application e.g. do not attach all Simplified Prospectuses of the umbrella, just attach those that relate to the new subfunds.
- Part A – if it is a self managed investment company do not include any details in the section which relates to the management company. The name of the investment manager should not be inserted.
- Part B- the website link should be specific and should not be to a generic website. The Central Bank is having difficulties location documentation on the links provided.
- Part C – the notification letter should be signed, dated and give the signatory's capacity. The signature should be decipherable, if not please ensure the signatory's name is printed below.

If an application is incorrect for any reason, it is deemed incomplete and a full resubmission is required. It should be noted that the ten day period for the processing of these applications and the transmission of same to relevant authority will not start until a complete and accurate submission is made. Therefore, if an application is deemed incomplete the ten day period will not commence until a complete application has been resubmitted.

If details on the requirements in relation to the marketing of Irish funds into other Member States are required, the UCITS should refer to the website of the competent authority in such Member State for this information.

Amendment to Guidance Note 4/07 – Organisation of Management Companies

The Central Bank of Ireland intends to amend Guidance Note 4/07 – Undertakings for Collective Investment in Transferable Securities (UCITS) Organisation of Management Companies so that it is consistent with UCITS Notice 2 and the UCITS Regulations.

The proposed amendment more clearly notes the requirement that a Management Company appoint a compliance officer. The Central Bank has advised that the Guidance Note will be amended to reflect this change in due course

Removal of Requirement for Original Applications/Documentation for Irish and Non-Domiciled Funds

The Central Bank has confirmed that it is willing to allow managers/administrators to dispense with requiring original application forms and other original instructing documentation for both Irish and non-domiciled funds where trade orders are transmitted electronically.

This follows confirmation in March 2011 by the Central Bank that managers/administrators could dispense with original application forms in connection with non-domiciled funds, subject to appropriate controls.

Financial Statement Disclosures - Central Bank Clarifications

Recent changes to the Central Bank's Regulatory Notices and Guidance Notes, as part of the implementation of UCITS IV, introduced a number of new disclosures for an investment fund's financial statements.

The Central Bank has now confirmed these disclosures are required to be included in financial statements for financial years commencing July 1, 2011 onwards.

The specific disclosures referenced are:

UCITS 8, Appendix A, paragraph 6:

A statement of the developments concerning the assets of the UCITS during the reference period, including:

- income from investments
- other income
- management charges
- trustee's charges
- other charges and taxes
- net income
- distributions and income reinvested
- changes in capital account
- appreciation or depreciation of investments
- any other changes affecting the assets and liabilities of the UCITS
- transaction costs
- A UCITS which invests more than 20 per cent of its assets in another fund must disclose the management fees charged to the underlying fund

UCITS 8, Appendix A

A UCITS must disclose the method used to calculate global exposure such as commitment approach, relative VaR or absolute VaR. When using relative VaR, information on the reference portfolio must be provided.

UCITS using VaR approaches must disclose the level of leverage employed during the relevant period.

Leverage should be calculated as the sum of the notionals of the derivatives used. This may be supplemented with leverage calculated on the basis of a commitment approach.

The creation of leveraged exposure to an index via FDI, or the inclusion of a leverage feature in an index must also be taken into account in meeting the prospectus disclosure requirements.

The VaR measure must also be published; in this respect the information provided should, at a minimum, include the lowest, the highest and the average utilisation of the VaR limit calculated during the financial year. The model and inputs used for calculation (ie: calculation model, confidence level, holding period, length of data history) must be provided.

UCITS 14.3 paragraph 4:

A report of the transactions entered into during the reporting period must be provided in the annual and half-yearly reports.

This report must include a list of all transactions, by type, the name of the related party and, where relevant, fees paid to that party in connection with the transaction.



The extension of this confirmation to Irish domiciled funds follows a second submission from industry which recognised that the implementation by Revenue of the non-resident declaration “equivalent measures” removes the necessity to obtain original applications for Irish domiciled funds.

Following an industry request, the Central Bank has also agreed, to a derogation for both Irish and non-domiciled funds from the requirement to obtain original documentation instructing amendments to an investor’s registration details/ payment instructions and to pay proceeds based on a faxed or electronic instruction.

In applying the derogations from the requirement to obtain original applications/documentation, managers/administrators must be satisfied that there are appropriate controls and procedures in place to comply with the applicable anti money laundering legislation and to mitigate the risk of fraud associated with the processing of transactions based on fax or other electronic instructions.

Treatment of Subscriptions and Redemptions under UCITS IV

Following discussion and agreement with the Central Bank, the industry has prepared an information note detailing some of the provisions around the treatment of subscriptions and redemptions under UCITS IV and information about meeting the requirements for recording and handling of subscription and redemption orders.

There is a requirement under UCITS Notice 2 for a Management Company to record certain information in relation to subscriptions and redemptions (Paragraph 38), and this includes the date and time of receipt of the order.

This is applicable to all Management Companies from 1st July 2011, but does not appear to apply to Self Managed Investment Companies (SMICs) until 1st July 2013, according to the Irish Funds Industry Association (IFIA).

However, UCITS Notice 16 requires the date and time of receipt of the order to be displayed on the contract note that is issued to investors. This section of the UCITS Notices applies to all Management Companies and SMICs from 1st July 2011.

The IFIA information note outlines UCITS Notice 2, Paragraph 38 and UCITS Notice 16 (Paragraphs 13-17) which set out the information that should be firstly recorded on receipt of a subscription or redemption order and secondly displayed on the contract note that is issued to an investor following execution of the order. Included also is a commentary on how “Collective Investment Schemes” (CIS) and/or their Service Providers may demonstrate compliance with these requirements.



Greece, Poland, Hungary, Bulgaria, Italy, Latvia, Cyprus, Iceland and Lithuania have failed to both implement the directive and publish marketing guidelines.

These delays are preventing European fund managers from taking advantage of the full scope of UCITS IV.

European updates

UCITS IV transposition delays continue

Those who are fully compliant include; Ireland, Luxembourg, Germany, Malta, the UK, Denmark, Austria, Czech Republic, Sweden, France, Spain, Netherlands, and Slovakia. The below table outlines the status of those who are yet to comply as of end of October 2011:

Country	UCITS IV Transposed	Guidelines/local marketing arrangements applicable under UCITS IV published?
Belgium	No	Yes
Bulgaria	No	No
Cyprus	No	No
Czech Republic	Yes	N/A*
Finland	No	Yes
Greece	No	No
Hungary	No	No
Iceland	No	No
Italy	No	No
Latvia	No	No
Liechtenstein	Yes	No
Lithuania	No	No
Norway	No	Yes
Poland	No	No
Portugal	No	Yes
Romania	No	Yes

*No local marketing arrangements required except the information of the Part B of the Notification letter

ESMA reacts to UCITS IV delays

The European Securities and Markets Authority (ESMA) has stepped in to try and help asset managers benefit from the UCITS IV reforms, which have still yet to be implemented by a number of member states.

The authority clarified situations in which some of the directive's changes can be used despite late implementation by some EU countries

Possible arrangements before implementation of the Directive in all Member States (MS) UCITS notifications

New UCITS notifications when the host MS has not transposed the Directive

The host MS competent authority cannot refuse a valid notification under the Directive on the ground that the Directive has not yet been implemented in the host jurisdiction.

New UCITS notification when the home MS has not transposed the Directive

ESMA has also set out the specific conditions under which fund notification should be possible from a country where the directive has not yet been implemented.

- The home authority in a non-transposing country is not entitled to notify new UCITS unless national legislation, even if did not transpose entirely the UCITS IV package, provides for rules which already materially comply with the Directive and implementing measures. The home authority in the non-transposing country should also be in a position to fulfil its obligations on access to documents.

- Competent authorities in non-transposing countries need to provide to ESMA the national legislation of the Directive and their implementing measures. On this condition, UCITS established in these MS could be notified in transposing MS via the regulator-to regulator procedure provided for in the Directive. To that end, ESMA will develop a template to be used by competent authorities of non-transposing MS.
- If the current national legislation of non-transposing MS does not already materially comply with the Directive and implementing measures, notification via the regulator-to regulator procedure provided for in the Directive could still be possible under the condition that both the competent authority and the management company of the UCITS certify to the competent authority of the host MS that the UCITS management company complies on a voluntary basis with the Directive and the host competent authority is satisfied by this statement. The home authority in the non-transposing country should also be in a position to fulfil its obligations on access to documents.

Management company passport

ESMA believes that UCITS management companies established in a transposing MS should be able to create a fund via the management company passport in a MS where the Directive has not been transposed irrespective of the provisions currently in place in such jurisdiction since the relevant provisions of the Directive are of a self-executing nature. Any local restrictions will need to be disappplied.

Management companies established in a non-transposing country can make use of the management company passport only if the current national legislation materially complies with the Directive and their implementing measures and the relevant competent authorities are able to provide the co-operation as required by the Directive and the relevant implementing measures in case of remote management.

Mergers

The Directive introduced provisions on mergers that apply to both cross-border mergers and mergers between UCITS established in the same MS. Therefore, it is necessary to distinguish the practical arrangements according to these two scenarios.

Master feeder structure

ESMA is of the view that master feeder structures should not be permitted if one of the two MS in which the UCITS are established has not transposed the Directive since this matter cannot be addressed solely on the basis of the direct applicability of the Directive.

Master feeder structures should also not be permitted if both the proposed master UCITS and the proposed feeder UCITS are located in a MS which has not transposed the Directive and the proposed feeder UCITS has been notified to another MS.

For full details see attached link - <http://www.esma.europa.eu/index.php?page=groups&mac=0&id=28>

Mergers between two UCITS established in the same MS that has not transposed the Directive and at least one of the two UCITS is marketed in other MS.

The Directive requires that both merging and receiving UCITS provide information to their investors, including investors domiciled in a different MS. Therefore, if the current national legislation materially complies with the Directive and their implementing measures, the merger can be authorised. If the existing national legislation does not materially comply with the Directive and their implementing measures, the merger should not be permitted.

Scenario one

Mergers between two UCITS established in different MS with one MS that has not transposed the Directive

Due to the inherent complexity of the operation, ESMA is of the view that cross-border mergers involving a UCITS established in a MS that has not transposed the Directive are not possible on the sole basis of the direct applicability of the Directive.

Scenario two

The ‘Swiss finish’ - Swiss Specific KIID Information

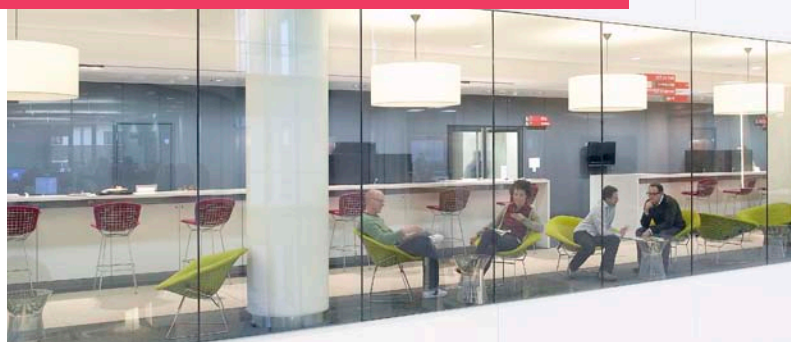
On 15 July 2011, the Federal Council of Switzerland amended the Collective Investment Schemes Ordinance (“CISO”). The amendment implemented the Key Investor Information Document (the “KIID”) which effectively replaces the Simplified Prospectus for UCITS.

A requirement from the Swiss Financial Market Supervisory Authority (“FINMA”) is that it requires information specific to Switzerland to be included in the KIID issued by UCITS which are registered for sale in Switzerland. Previously, this information was included in the Simplified Prospectus. This is called the ‘Swiss Finish’.

FINMA suggests that an additional insertion should be included in the “Practical Information” section of the KIID issued to investors in Switzerland. This additional text is outlined in the attached text box

The Central Bank has clarified that it has no issue with the ‘Swiss finish’ and will not review these documents.

“The Prospectus, the Key Investor Information Document, the Articles of the Company as well as the annual and semi-annual reports can be obtained free of charge from the representative in Switzerland, [insert name and full business address of Swiss representative]. The paying agent of the Company in Switzerland is [insert name and full business address of Swiss paying agent]”



AIFMD consultation process—defining how it will work in practice

On the 13th July 2011 ESMA published a consultation paper setting out its proposals for the detailed rules underlying the Alternative Investment Fund Managers Directive (AIFMD). Stakeholders had two months in which to give their feedback to ESMA, the deadline was 13 September 2011. After deliberating on the input from stakeholders, ESMA will finalise and submit its advice to the Commission by 16 November. The Commission’s work on the implementing measures will then begin, with a view to having the Level 2 measures in place by July 2012.

ESMA has received over 90 responses from various different industry groups such as; Hedge Fund Standards Board, AIMA, ALFI, IFIA, Association of Real Estate Funds, British Private Equity & Venture Capital Association, EFAMA, ICI, MFA, European Real Estate Investor group and the list goes on.

The full list of responses is available at <http://www.esma.europa.eu/index.php?page=responses&id=185>

Many of ESMA’s draft proposals add useful clarification, but several major areas of concern remain, including proposals relating to the liability of depositaries, leverage, valuation, transparency and liquidity management.

So-called third country (non-EU) issues are covered by a separate ESMA consultation exercise. This consultation received over 40 responses from industry groups such as; HFSB, MFA, IFIA, ICI, ALFI, AIMA, EFAMA, the process closed 23 September 2011. The list of responses is available at <http://www.esma.europa.eu/index.php?page=responses&id=188>

EU agrees deal on OTC derivatives

On 4 October 2011, European Union member states reached a deal to tighten regulation of over-the-counter derivatives contracts, despite initial protests from the U.K. There were significant negotiations on the provisions on (i) central counterparty (CCP) access to trading venues; and (ii) authorisation and supervision of CCPs. Controversial issues relating to the recognition of third country CCPs will continue to be considered by the Council.

The legislation aims to standardise all derivatives products not traded on a regulated exchange, a pledge made by all G-20 countries in the aftermath of the financial crisis. The European Commission, the European Parliament and the Council of Ministers will now enter tri-party negotiations ('trilogues') seeking to reach agreement on a common text. The basis for these negotiations will be the European Commission's proposal of 15 September 2010, the text approved by the European Parliament at plenary session on 5 July 2011 and the Council of Ministers' text approved at ECOFIN on 4 October 2011. The tri-party agreement that could take months of protracted negotiations, but the G-20 is committed to introducing laws by the end of 2012.

ESMA Publishes Question and Answers Paper on a Common Definition of European Money Market Funds

On 26 August 2011, the European Securities and Markets Authority (ESMA) published a questions and answers paper on a Common Definition of European Money Market Funds. The purpose of the paper is to promote common supervisory approaches and practices in the application of the guidelines on a Common Definition of European Money Market Funds developed by CESR.

This document is aimed both at competent authorities to ensure their supervisory activities are converging along the lines adopted by ESMA and also help management companies by providing clarity as to the content of CESR's guidelines.

Previously, there was no clear definition for European Money Market Funds, they fell under the UCITS legislation. In 2010, the Committee of European Securities Regulators (CESR) –now ESMA – released guidelines defining European MMFs, which takes effect from 1 July 2011 for new funds and 31 Dec 2011 for existing funds.

CESR's definition identifies two distinct types of funds;

- Short-term money market funds – max WAM 60 days, max WAL of 120 days – inline with IMMFA & Rule 2a-7
- Money market funds – max WAM 6 months, max WAL 12 months

The aim is to prevent riskier funds from being classified as Money Market Funds and to provide more clarity for investors.

EU short selling update

ESMA continues to coordinate action on short positions in countries where bans are currently in place. Acting in close cooperation, following evaluation and discussions conducted under the coordination of ESMA, those European regulators whose measures on short positions were meant to expire on 30 September have published statements setting out details of their decision to renew the temporary ban. An updated list of all measures concerning short selling can be viewed- <http://www.esma.europa.eu/popup2.php?id=7696>

Brussels pushes for European RDR

Brussels will soon publish its Mifid II proposals, which will include measures that broadly follow in the steps of the UK's retail distribution review (RDR). Alongside independent advisers, portfolio managers will also be prohibited from receiving fees, commissions and any monetary benefits, impacting fund-of-fund managers and discretionary firms.

RDR, which will ban commissions on advised sales in the UK, comes into play at the beginning of 2013.

Experts have warned that the Mifid II directive could alter RDR regulations if the two are different.

The draft Mifid Directive prepared by the Commission will enter into a phase of negotiation with the European Parliament and Council once it is published. Mifid II is expected to arrive in 2014. Areas that could impact fund managers include corporate governance and the central counterparty clearing of derivatives. There will also be a focus on complex UCITS. The European Securities and Markets Authority could also be given further powers to intervene and ban products on the grounds of investor protection.

Other updates

ETFs under regulatory scrutiny

Exchange Traded Funds (ETFs) have recently come under the regulatory spotlight, as they are seen to pose significant potential risks to investors. A number of global regulators have highlighted the need for investors to consider the possible risks they face when investing in ETFs.

The Financial Stability Board, the organisation set up after the financial crisis to oversee global regulators, is one such group which has raised concerns regarding the risks surrounding ETFs. On the 12 April 2011, the Financial Stability Board (FSB) published a note on the potential financial stability issues arising from recent trends in ETFs. The FSB indicated that it would welcome feedback from the public on this note by 16 May 2011. The FSB and its member authorities and standard setting bodies are continuing to monitor developments in the ETF market closely, and will use the feedback received as an input for their work. The list of responses can be found here: http://www.financialstabilityboard.org/press/c_110910.htm

In July 2011, the European Securities and Markets Authority (ESMA) published a discussion paper setting out policy orientations on guidelines for UCITS Exchange-Traded Funds (ETFs). ESMA considers that the existing regulatory requirements are not sufficient to take account of the specific features and risks associated with these types of fund. In the discussion paper, ESMA examines the possible measures that could be introduced to mitigate the risk that particularly complex products, which may be difficult to understand and evaluate, are made available to retail investors. ESMA also raises the potential systemic risk caused by these types of funds and their impact on financial stability. ESMA will use the feedback received to this paper to develop draft guidelines for such funds. ESMA held

a public meeting in Paris on the 26 September to discuss an industry overhaul following the publication of this discussion paper. A list of responses to the discussion paper can be found on the ESMA website: <http://www.esma.europa.eu/index.php?page=responses&id=187>

ESMA is currently analysing all the responses. Some have strongly reacted to the proposals, saying UCITS products were simple by definition. However, others have called for Brussels to remove ETFs and Newcits from the UCITS regime.

The European Commission is monitoring the current work being done by ESMA on improving transparency for ETFs. If ESMA is unsuccessful in addressing the issues, it could eventually lead to a change in the Eligible Assets Directive, which details the type of instruments UCITS funds can invest in. The introduction of the Eligible Assets Directive in 2007 allowed UCITS managers to employ complex derivatives, which paved the way for Newcits funds and swap-based ETFs. Changes to this directive would be very disruptive to the European fund industry, which has been taking advantage of UCITS investment powers to launch innovative products over the past three years.

Solvency II

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry. The directive has redefined the capital requirements imposed on all EU insurers and it was expected to be implemented across Europe by 1 January 2013. A delayed implementation for Solvency II is now looking more likely, following the release of a draft report by a European Parliament committee that suggests a step-by-step approach to addressing the technical details of the directive. The report suggests moving implementation of Solvency II back a year, to Jan. 1, 2014, to allow room to address these details.

Solvency II will have significant effects on asset managers and service providers, especially in the area of asset data reporting. They will need to ensure that they can provide accurate, timely, suitable data to insurance clients. The nature of such data requested may vary from one insurer to another and will also vary from investment fund to fund. Therefore, in order to understand fully the likely data requirements of their customers, it is imperative that asset managers initiate engagement with all insurance companies in regard to their Solvency II requirements sooner rather than later in order to develop a practicable solution for all parties and to comply with the new legislation.

FATCA update

On 14 July 2011, the Internal Revenue Service (IRS) issued Notice 2011-53 (the Notice), which sets out a timeline for Foreign Financial Institutions (FFIs) and U.S. withholding agents to implement the various provisions under the Foreign Account Tax Compliance Act (FATCA) of 2009, which was enacted in the Hiring Incentives to Restore Employment Act of 2010.

Notice 2011-53 supplements and modifies the guidance provided in Notice 2010-60 and Notice 2011-34. Specifically, the Notice phases in the implementation of FATCA in the following manner:

- The withholding on U.S. source fixed or determinable, annual or periodical (FDAP) income will generally begin on 1 January 2014; however, withholding on passthru payments and gross proceeds from the disposition of securities that could produce U.S. source interest and dividends will be effective on 1 January 2015.
- An FFI must enter into an agreement with the IRS by 30 June 2013, to ensure that it will be identified as a participating FFI in sufficient time to allow withholding agents to refrain from withholding beginning on 1 January 2014. FFIs that enter into agreements before 1 July 2013 will be participating FFIs effective on 1 July 2013. Formerly, FFIs needed to enter into an agreement effective 1 January 2013, as withholding could have begun as early as that date.

- For participating FFIs, the due diligence requirements for identifying new and pre-existing U.S. accounts will begin in 2013. Reporting requirements will begin in 2014 (based on calendar year end 2013 balances) and will be significantly simplified for the first year.
- Finally, the Notice indicates that the US Treasury and the IRS anticipate issuing proposed regulations by the end of 2011 and final regulations by the summer of 2012.

Initiating a program now to identify and assess the critical business, tax, and operational impacts arising from FATCA will increase an asset manager's opportunity to address the business issues and implementation challenges, thereby ensuring full compliance by 30 June 2013.

Dodd Frank – postponement of registration deadline

The U.S. Securities and Exchange Commission (“SEC”) recently adopted final rules as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) to require many advisers to private funds—which were previously exempt from registration—to become registered as investment advisers with the SEC.

These rules (i) extend the deadline for adviser registration with the SEC, (ii) defines new exemptions from the registration requirements of the Investment Advisers Act of 1940 (“Advisers Act”), (iii) creates new reporting requirements for hedge fund and other investment advisers on Form ADV (iv) requires certain advisers to private funds that are exempt from registration under the Advisers Act to submit certain periodic reports.

Postponement of Registration Deadline

Unless they qualify for an exemption from registration under the SEC final rules, advisers who previously relied on the “private adviser exemption” of the Advisers Act (which title IV of Dodd-Frank repealed) must now register with the SEC by March 30, 2012.

Since the SEC may take up to 45 days to process an application for registration, advisers must file a completed application, including both Part 1 and Part 2A of Form ADV, by February 14, 2012 to meet the new deadline.

Adoption of Form PF

The Securities and Exchange Commission (SEC) voted on 26 October to adopt the new Form PF. Under these rules investment advisers to private funds will be required to report certain information to the SEC and this information is intended to enable the Financial Stability Oversight Council to monitor financial risk in the US financial system.

Thresholds

According to the rules, advisers with less than \$150 million in private fund assets under management need not file Form PF. Advisers above this threshold are divided into large advisers and smaller advisers and the amount of information and frequency of reporting required is linked to this categorisation.

Smaller private fund advisers are those with at least \$150 million in assets under management but less than the thresholds listed below, which are classified as large private fund advisers:

- Advisers with at least \$1.5 billion in private fund assets under management attributable to hedge funds;
- Advisers with at least \$1 billion in combined assets under management attributable to liquidity funds and registered money market funds;
- Advisers with at least \$2 billion in assets under management attributable to private equity funds.

Assets under management or “regulatory assets under management” should be calculated on a gross basis which refers to the balance sheet size of the funds advised, as opposed to the total value of the funds less accrued liabilities (net).

Smaller Private Fund Advisers

- Smaller private fund advisers must file Form PF only once a year within 120 days of the end of the fiscal year. Reporting should begin for the first period ending after 15 December 2012. Information required will include size of the fund, leverage, investor types, counterparty credit risk, concentration, liquidity and fund performance.

Large Private Fund Advisers

- Large private fund advisers must provide more detailed information than smaller advisers. The requirements of the reporting will depend on the type of private fund managed. Large hedge fund advisers must file Form PF within 60 days of the end of each fiscal quarter. Reporting should begin for the first period ending after 15 December 2012. Information on exposure by asset class, geographical concentration and turnover by asset class should be submitted on an aggregated basis. In addition, for each managed hedge fund having a net asset value of at least \$500 million, large hedge fund advisers are required to file certain information in relation to the fund's exposures, leverage, risk profile and liquidity (but not position-level information).
- Advisers with at least \$5 billion in hedge fund assets under management must begin filing Form PF following the end of their first fiscal year/quarter ending on or after 15 June 2012.

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The Regulatory Advisory Services team are happy to address any questions you might have on any of these regulatory news updates.

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