

# #FIRST18

June 2019. Edition 1

## IRISH FUND MANCOS

FROM SURVIVING TO  
THRIVING IN YOUR  
#FIRST18 MONTHS

**AQUEST**  
Regulatory Training  
for Irish Funds Industry

## What does it take for Irish Mancos to go from surviving to thriving in 18 months?

**More than 70 Mancos have been authorised in Ireland since 2017.**

Fund providers from the UK, the USA and further afield have chosen Ireland as their Brexit solution. They are either transitioning existing funds to their newly authorised Irish Manco, or becoming authorised in anticipation of establishing funds in Ireland in the near future.

As an industry, we are committed to doing what we can to facilitate quality business results, ensuring this move is far more than a compliance exercise.

**We want Irish Mancos to thrive.** Thriving is entirely possible when Mancos adopt both a solid foundation and a strategic approach to the pillars that enable growth, with complete clarity of the bumps expected along the way.

#First18 gathers thoughts from leaders working in the Irish Funds Industry on the 5 key challenges that new Irish Mancos will need to navigate in their first 18 months. When they do, not even the sky's the limit.



**Daniel Lawlor**

Founder & Director, Aquest

Funds Lawyer

Former Regulator Central Bank of Ireland

NOT  
EVEN  
THE  
SKY  
IS THE  
LIMIT

# SPECIAL MENTION TO:



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Partner  
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Jennifer Cahill  
Partner and Co-Founder  
Savvi Recruitment Consultants



Derek Delaney  
Chief Operating Officer  
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Karen Killalea  
Head of Employment  
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## EXECUTIVE SUMMARY

Strategise to succeed



## AUTHORISATION

x8 ways to optimise the process.



## THE BIG 5 IN YOUR #FIRST18

People, Personal Tax,  
Regulatory Environment, Compliance, Legal



## GOVERNMENT SUPPORT AND INDUSTRY RESOURCES



Use this #First18 report to inform your commercial strategy.

It is well worth exploring the possibilities of the Manco becoming a **Centre of Excellence for one or more of the core activities of its parent group**. Some financial services firms are using their Irish Manco as their distribution hub, and/or their monitoring and compliance hub for all funds under management (not just their Irish funds). Others are transitioning front office activity to their Irish Manco and building the staff and capabilities to carry that out.

**There is huge potential to strategise and take advantage of the Irish Funds Industry's expertise**, support network and resources that takes your Brexit solution from a compliance exercise to a becoming a thriving Manco inside 18-months.

From the Authorisation process to the 5 areas worth strategising in your #First18, **this report is your blueprint to inform your commercial strategy for the coming year.**

What follows is a collection of thoughts, ideas and strategies from industry leaders that Mancos can leverage to navigate from **Authorisation through to your #First18 months.**

**Becoming a  
Centre of  
Excellence for  
one or more  
of the core  
activities of  
the Manco's  
parent group  
is a very  
reasonable  
expectation**





# x8 ways to optimise the Authorisation process





# AUTHORISATION

x8 ways to optimise the authorisation process.

1

## Understand the Central Bank's expectation, straight from the source

"The strength of the Central Bank is its practice of meeting applicants prior to the start of the application process so they can give an overview of what is expected. If you want an Irish licence post-Brexit, and you have not met with the Central Bank to discuss their expectations, then scale, complexity and substance may surprise you. Clients also need to be prepared to be flexible on substance and time commitments as the application process evolves."



**Mark White**

Partner, Head of Investment  
Management Group  
McCann Fitzgerald

2

## Plan for hiring highly competent, experienced people on the ground now

"The Central Bank is aware that an organisation is only as strong as its people. They will look for named individuals who are accountable for their firm's compliance with regulations. There is a real focus by the Regulator on who will be responsible for what is undertaken in Ireland and supported within the wider global environment."



**Martin Anderson**

Head of Operations, Link Fund  
Management Solutions  
Link Asset Services

## AUTHORISATION

x8 ways to optimise the authorisation process.

3

**Have a detailed business plan with a commitment for scale & substance**

"The CBI are looking for a commitment for Scale and Substance: what is the business driver behind the idea of setting up in Ireland? Complete clarity on where you want to end up, sufficiently documented to support the business drivers will be key."



**Sergey Dolomanov**

Partner  
William Fry

4

**Firms can appoint expert advisers and service providers to assist them**

"Lawyers, regulatory consultants, depositaries and fund administrators are all familiar with the requirements and can help cut through the authorisation process."



**Daniel Lawlor**

Founder & Director  
Aquest

## AUTHORISATION

x8 ways to optimise the authorisation process.



### Responding promptly does great things for the momentum on your application

"It is important to be fully engaged in the application process in order that you are in a position to respond promptly to the comments and queries which are raised by the Central Bank. This will help maintain the momentum of your application, and will place you in a better position for the start-up phase after a successful application."



**Brian Higgins**  
Partner  
Dillon Eustace



### Managing expectations is half the win

"Although the Manco authorisation process would typically have been shorter before the Brexit vote, the Central Bank is currently advising applicants that the process can take anywhere from 4 up to 12 months. The likelihood is that it will be quicker, but best practice is to have a contingency plan to manage expectations internally for a 12 month process."

Read more about the **Central Bank's approach to authorisation** and their estimated application timeline.



**Ken Owens**  
Partner  
PwC

## AUTHORISATION

x8 ways to optimise the authorisation process.

7

### The CBI has set the bar reasonably high

"There's a huge focus from the Central Bank on setting up compliance and risk management frameworks to ensure that they are to the highest standard. The CBI wants to see real substance on the ground, real frameworks, real challenges, metrics, policies, procedures and controls, and the trajectory of that is getting higher. They are trying out a new level not just of authorisation, but of supervision."



**Grellan O'Kelly**

CRO

Davy Group

8

### Want to better navigate bumps? Get your project management skills front and centre

"The firms that will best handle the bumps and bends that come post-authorisation are the ones with project management skills, legal expertise and resourcefulness. When the authorisation letter arrives, you want to get lights on and laptops plugged in, and operational infrastructure up and running. Then, take half a day with key stakeholders to review #First18 to make your own plan."



**Tara Doyle**

Partner and Head of Funds  
Matheson



# Navigating the big x5 in your #First18



# Information applied is power

1

**People:** Understanding roles Mancos will need to fill to become compliant, how to fill them, and other considerations to win the recruitment game.

2

**Personal Tax:** Being aware that this is a blind spot when seconding staff from HQ, and knowing where to find guidance and tax obligations from Irish Revenue.

3

**Regulatory Environment:** Ensuring the right people within your Irish Manco understand Ireland's regulatory environment and topics of key importance to the Central Bank.

4

**Compliance:** Allocating regulatory obligations to the right people with the right expertise, and building ongoing compliance into the fabric of how your Irish Manco operates.

5

**Legal:** What to consider when re-papering existing prospectuses, contracts, etc, notifying investors of changes and re-visiting business plans.





# 1. PEOPLE

1. Top roles to fill
2. The x4 approaches to recruitment
3. Employment considerations
4. How to win the recruitment game

## THE BIGx5 IN YOUR #FIRST18: PEOPLE

### Top roles to fill

Within a newly authorised Irish Manco's authorisation letter, the Central Bank will likely have set out certain personnel requirements.

CP86 outlines regulatory expectations for an Irish Manco's Board composition, Directors and Designated Persons, and a new Organisational Effectiveness role.

The individuals filling these roles need to be pre-cleared by the Central Bank under its **Fitness & Probity Regime**.

Recruitment experts have identified some concern and uncertainty from Irish Mancos as to whether the Central Bank will approve a candidate who is not already fulfilling exactly the same role. While candidates do not need to come from an identical role, the Central Bank has high expectations for expertise, competence and experience.



## THE BIGx5 IN YOUR #FIRST18: PEOPLE

### Top roles to fill

#### Top roles to fill

"Newly authorised Mancos need to fill pre-approved control (PCF) functions: Head of Ireland, Head of Compliance, Head of (fund investment) Risk, Head of (operational) Risk, Head of Distribution, Head of Finance, Head of Operational Oversight/COO, Head of Investments/Head of Investment Oversight roles. Typically, firms must hire at least 5 PCF individuals, but some may need more. The CBI is focused on substance and ensuring firms hire mid-level candidates to support the Head of function roles. In our experience, factors including your licence, assets under management, your initial application to the CBI and the size of your firm globally impacts substance, and the requirement to have more people on the ground in Ireland."



**Anne Keys**

Joint Managing Partner & Brexit Lead  
The Panel Search and Selection

#### INEDs in Ireland

"Mancos will look for roles that ensure their entity is firstly compliant, and secondly that it can account for itself. They are the must-haves."

There is a thriving circuit of Independent Non-Executive Directors in Ireland readily available to act as the two Irish INEDs on the board."



**Kevin Jacob**

ETF Product Manager  
**ETF ONE**

# THE BIGx5 IN YOUR #FIRST18: PEOPLE

## x4 Approaches to recruitment

**When it comes to setting up substance on the ground, there are x4 approaches a Manco can take:**

1. Internal Recruitment & Relocating
2. Seconding
3. Outsourcing
4. External recruitment

### **1. Internal Recruitment & Relocating**

Internal recruitment can be a quick solution for a financial services firm who has the right person with the ambition to move overseas. What will be important in this case is to manage candidate expectations, as well as offer training to ensure they become familiar with the Irish regulatory environment.

#### **Housing, Commuting, Schools**

- In Ireland, available accommodation is listed on [Daft.ie](https://www.daft.ie) or the mobile app.
- Visit [Transport for Ireland](https://www.transportforireland.ie) to discover the best commute.
- Ireland's education system and school districts can be found at [education.ie](https://www.education.ie).





## THE BIGx5 IN YOUR #FIRST18: PEOPLE

### x4 Approaches to recruitment



#### Plan for immigration requirements

"Where firms transfer staff to Ireland from other jurisdictions, one piece that can frustrate the project plan is immigration. It's not very common, but it happens often enough that it's worth new Irish Mancos thinking about whether this is likely to impact them. Getting a work permit can take 6-8 weeks, and it's not that easy, so planning is important."



**Karen Killalea**

Head of Employment  
Maples Group



#### Plan for people requirements

"Amongst all the competing challenges during the start-up phase, it will be important for Irish Mancos to remember the human side of things. Where people are moving to Ireland from abroad, they will be looking to find their feet, source accommodation, arrange schools and create a social network. Providing practical assistance and support will make the process smoother for everybody."



**Lisa Kealy**

European ETF Leader  
EY

# THE BIGx5 IN YOUR #FIRST18: PEOPLE

## x4 Approaches to recruitment

**When it comes to setting up substance on the ground, there are x4 approaches a Manco can take:**

1. Internal Recruitment & Relocating
2. Seconding
3. Outsourcing
4. External recruitment

### **2. Seconding**

Certain staff can be a good fit for seconding. Recruitment can also be made easier when firms second from another department and place staff into an Irish Manco. These staff are then plugged into 12 months of training on Irish funds to support their learning curve, and ensure value to the organisation comes sooner than later.

### **3. Outsourcing**

When outsourcing certain roles, ensuring that the third-party solution is acceptable to the Central Bank will be key. The Central Bank is hot on outsourcing right now and will want to know that robust procedures are in place for due diligence, oversight and governance of outsourcing arrangements.





# THE BIGx5 IN YOUR #FIRST18: PEOPLE

## x4 Approaches to recruitment

**When it comes to setting up substance on the ground, there are x4 approaches a Manco can take:**

1. Internal Recruitment & Relocating
2. Seconding
3. Outsourcing
4. External recruitment

### **4. External recruitment**

Many consider that the best option for Irish Mancos is a balance between specialist skills and local knowledge. External recruitment can achieve local knowledge at a reasonable cost, although certain qualifications, such as knowledge of compliance and risk, can prove expensive.

Engaging with a specialist recruitment firm before creating a job spec can help Irish Mancos identify what is available in the current market, their must-have skills, as well as personal attributes that will fit in with the company culture.



## THE BIGx5 IN YOUR #FIRST18: PEOPLE

### x4 Approaches to recruitment

"In 2018, the first of the Brexit firms began setting up operations in Ireland. There was a real sense of urgency to fill roles quickly. Firms hired the majority of their team locally, and those people were some of the best talent on the market.

In 2019, 80% of the firms are sending their own people over for Head of Ireland roles. Firms are looking for creative solutions for staffing requirements. They're encouraging suitable qualified Irish employees to return to Ireland on a permanent basis to fill PCF roles, or seconding overseas executives to Ireland for 6-9 months while they hire locally to replace them. 90% of firms hire the Head of Compliance and Head of Risk (and support roles) from the Irish market, as they value their local knowledge and prior relationship with the CBI. This is the hottest area in recruitment at the moment and candidates are securing a premium to move roles."

**Anne Keys**

Joint Managing Partner & Brexit Lead  
The Panel Search and Selection



## THE BIGx5 IN YOUR #FIRST18: PEOPLE

### Employment considerations

"It is crucial to the ongoing competitiveness of the Irish Funds Industry to continue serving investors excellently albeit subject to additional governance and oversight requirements pursuant to CP86.

The fact that Brexit has now made the likelihood that Ireland will be actively competing with other EU jurisdictions, notably Luxembourg, for a significant volume of new business in the short to medium term (depending on the exit deal the UK strikes with the EU) means that investors will be further scrutinising the Irish fund management sector and its market participants. Key to this will be Ireland and the industry having the ability to attract and maintain high-quality personnel to serve these clients."



**Derek Delaney**  
Chief Operating Officer  
DMS



# THE BIGx5 IN YOUR #FIRST18: PEOPLE

## Employment considerations

**"Fitness and probity:** Individuals planning to fill pre-approved control functions, or PCFs, need to complete an **Individual Questionnaire** and submit it to the Central Bank for review and approval. Being called into the Central Bank for a F&P interview is becoming increasingly common. Furthermore, the CBI expects Irish Mancos to build an active process to keep F&P compliance under review throughout the life cycle of the firm.

**Employment contracts:** In a tight labour market where there is a war for talent, employment contracts are becoming more important than ever. In particular, they can be used to incentivise your people and to protect the Irish Manco's assets (such as client lists or confidential information) if an employee decides to leave and join a competitor firm. Notice provisions and post-termination restrictions require particular attention."

**Karen Killalea**

Head of Employment  
Maples Group





# THE BIGx5 IN YOUR #FIRST18: PEOPLE

## How to win the recruitment game

**"Find, hire, onboard, retain:** Given the competition for talent in the local market, keeping momentum in the recruitment process will be key for Irish Mancos. There is definitely a first-mover advantage in this market, and I've seen a few firms lose their preferred candidate because the process took too long.

To attract and retain a talented workforce, consider thinking beyond pay and financial rewards. While pay is important, candidates at all levels are also placing increasing importance on flexibility in the workplace. The ability to work remotely 1-2 days per week, or have flexibility in working hours is hugely attractive. For those with existing flexibility in their job (usually earned after a number of years' service), they will not relinquish this benefit for a role that is more rigid. Firms that offer flexibility have a distinct competitive advantage in attracting the best talent over those that don't."

**Jennifer Cahill**

Partner and Co-Founder  
Savvi Recruitment Consultants



A stylized silhouette of a person's head and shoulders. The head is a solid teal color. The neck is a white, 3D-rendered collar. The shoulders and upper torso are a dark brown color. The background is split horizontally: the top half is teal and the bottom half is coral.

## **2. PERSONAL TAX**



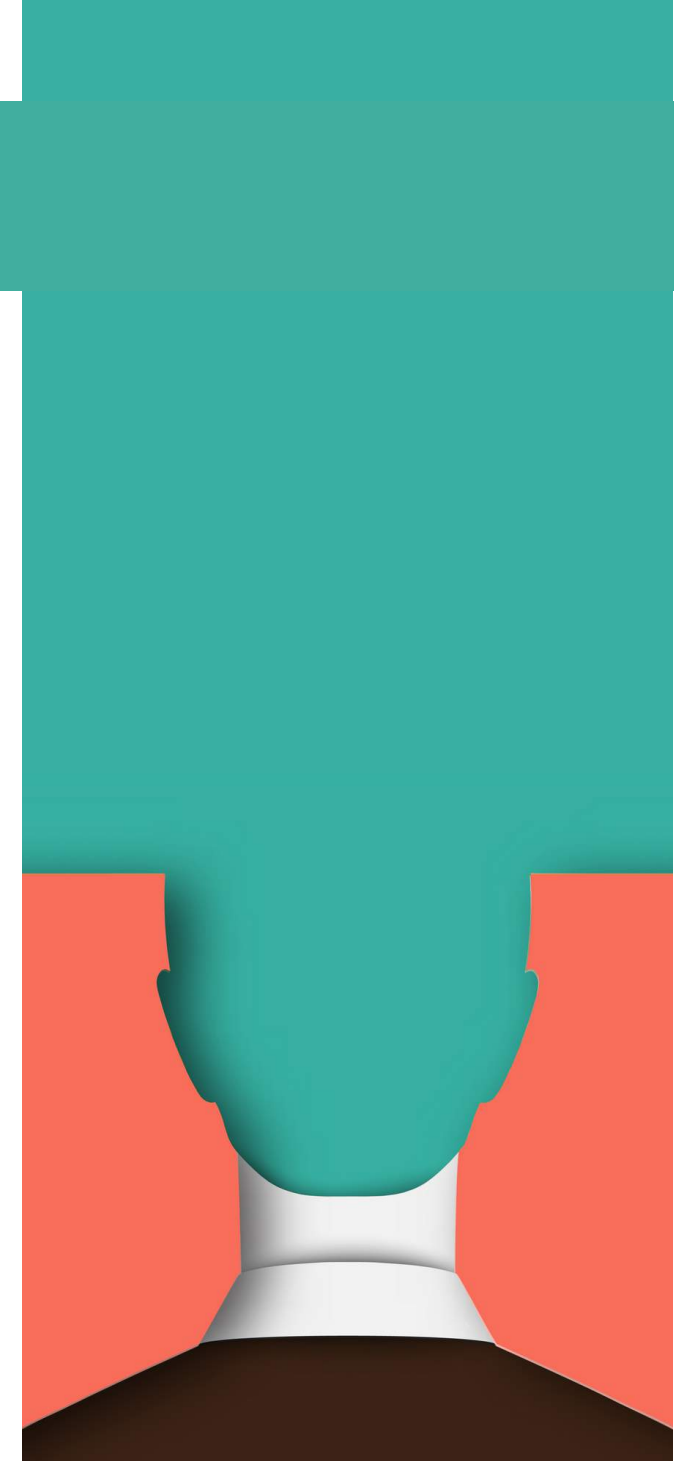
## THE BIGx5 IN YOUR #FIRST18: PERSONAL TAX

One blind spot that takes many of us by surprise is that there are implications when staff from abroad travel to Ireland on a part-time basis to help provide substance and staffing.

There will be tax obligations in Ireland from the perspective of payroll, PAYE, PRSI and USC.

Irish Revenue has issued certain guidance and tax obligations, broken down by the number of days employees spend in Ireland. Engaging with Revenue early on to understand the guidelines will prevent liability issues later on.

**CitizensInformation.ie** clearly outlines tax and social insurance obligations for those coming to Ireland to work.



## THE BIGx5 IN YOUR #FIRST18: PERSONAL TAX

"For most new Irish Mancos, the main focus has been on getting authorised by the Central Bank. They may have put some thought into corporate tax and structuring issues but the tax treatment of staff travelling back and forth from the UK has not received much attention. Payroll, PAYE, PRSI and USC obligations all come into play and need to be planned for. Foreign employees working for foreign employers exercising the duties of their employment in Ireland are in scope for Irish payroll tax purposes. There is Revenue guidance to assist you here. Check your group HR policies and engage with your tax adviser to find out how this affects the Irish Manco."

**Cormac Kelleher**  
International Tax Partner  
Mazars





# 3. REGULATORY ENVIRONMENT

1. What are the differences between the Irish and UK regulatory environments?
2. Understanding PRISM and how the Central Bank supervises financial services firms
3. Keeping up to date with regulatory thinking

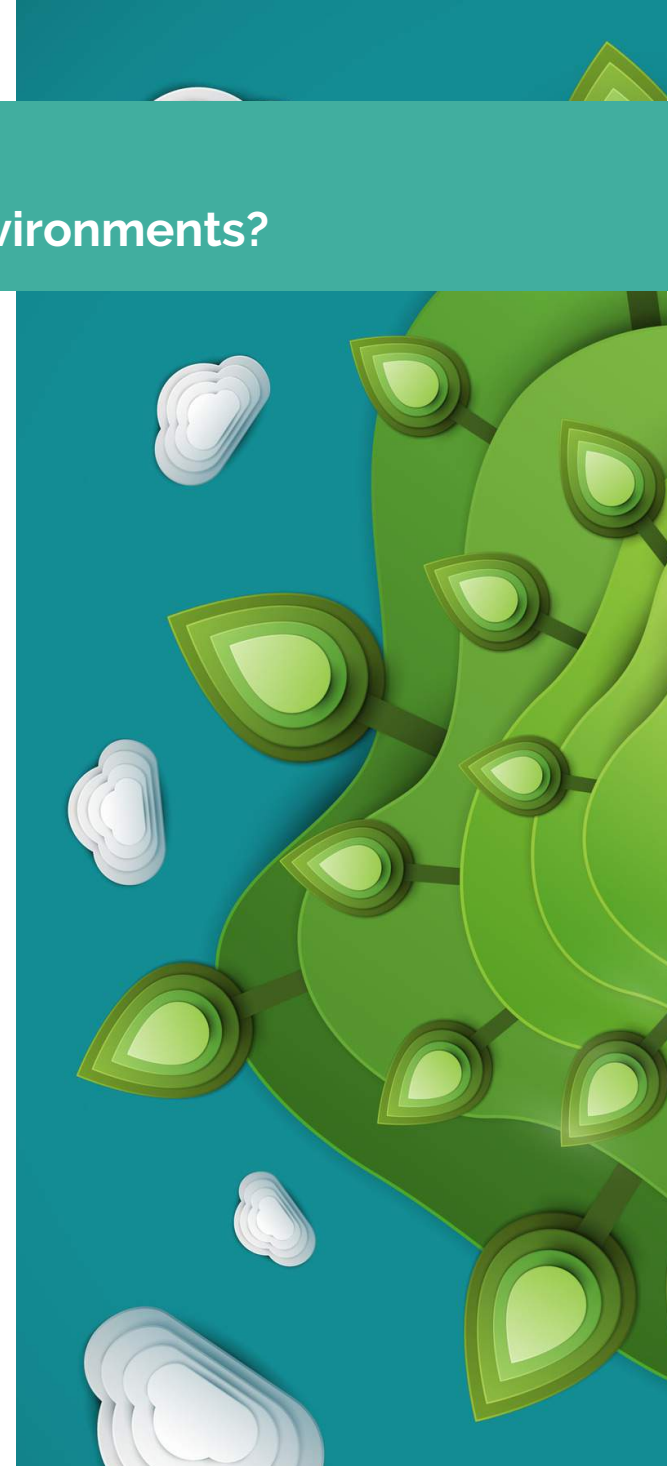
## THE BIGx5 IN YOUR #FIRST18: REGULATORY ENVIRONMENT

### What are the differences between the Irish and UK regulatory environments?

**There are subtle differences in the details of the rules and how they are applied that can potentially catch you out.** For example, Irish rules on capital management require capital to be held in a separate account, and for a copy bank statement to accompany the minimum capital requirements report filed with the Central Bank.

Similarly, the Central Bank expects Irish Mancos to proactively monitor their capital levels against previous financial statements and against current management accounts as part of their capital planning. Maintaining accurate management accounts enable Irish Mancos to identify whether capital requirements- as at 31 December of each year- will change materially in advance of the completion of the financial statements.

Irish Mancos should be in a position to increase their capital to adjust for any possible increase in capital requirements to ensure they are adequately capitalised for 1 January of each year. By way of example, Irish Mancos should hold eligible assets in a segregated account on 1 January 2019 to cover the expected Minimum Capital Requirement based on 31 December 2018 figures.





## THE BIGx5 IN YOUR #FIRST18: REGULATORY ENVIRONMENT

### What are the differences between the Irish and UK regulatory environments?

**"The Irish and UK regimes will probably diverge further as time moves on,** particularly post-Brexit, as there may be an opportunity for the UK regulator to adopt new standards and rules. Although we don't know what the impact of Brexit will be on the FCA's regulatory approach, we could potentially see the UK ensure it remains a competitive financial centre by regulating for a greater standard of transparency and consumer protection."

**Peter McKeown-Walley**  
Legal Counsel  
Natixis Investment Managers



# THE BIGx5 IN YOUR #FIRST18: REGULATORY ENVIRONMENT

## What are the differences between the Irish and UK regulatory environments?



### Not much, but Brexit will change this

"There are significant similarities, with both jurisdictions currently following the same approach through common law practice, but also across fund-specific regulatory regimes such as UCITS.

With the onset of Brexit this will likely change in the longer term. In the immediate future, items such as the **Temporary Permissions Regime (as set out by the FCA)** help to navigate the short term uncertainty. For the UK, sitting outside the EU will present challenges. Managers now need to contemplate having UK and EU structures."



**Colin McKeon**

Head of Management Company  
Services  
Bridge Consulting



### Still much Brexit uncertainty

"In the next 1-2 years we will start to see the regulatory impact of Brexit. It is important to note however, that even though the rules may be identical in the UK and Ireland, the manner in which they are applied and the standards to which firms are held can still be different. We are seeing examples of this already."



**Laura Wadding**

Partner, Risk Advisory  
Deloitte



# THE BIGx5 IN YOUR #FIRST18: REGULATORY ENVIRONMENT

## Understanding PRISM and how the Central Bank supervises financial services firms

"The Central Bank supervises Irish Mancos using a risk-based approach by applying its Probability Risk and Impact System, or **PRISM framework**. PRISM is a philosophy, a minimum engagement model, and a software tool that helps supervisors track engagement with authorised firms. All regulated firms are assigned to an impact category, and each impact category has its own minimum engagement model. The higher the impact category, the greater the amount of regulator engagement.

Most Irish Mancos will be in the Low Impact or Medium Low Impact categories. Low Impact firms are supervised using a reactive or trigger-based approach. In contrast, a Medium Low Impact firm will have a dedicated supervisor and will be on a cycle for risk assessments. This will likely include meetings with senior officers of the firm approximately every 18 months."



**Dave Montgomery**

Head of Risk & Regulatory  
EisnerAmper Ireland



# THE BIGx5 IN YOUR #FIRST18: REGULATORY ENVIRONMENT

## Understanding PRISM and how the Central Bank supervises financial services firms



### The CBI is more than a watchdog

"The CBI has made huge investment of time, resources and money to position itself a regulator of commensurate size and pro-activity to regulate what has become the second largest location for Exchange-Traded Funds globally. More than a watchdog, they are a live participant in the market, setting policies and leading discussions. They have shown real engagement with the market in discussion papers, themed guidance letters, and conferences on specific topics. A new entrant would be wise to keep abreast of CBI thinking and supervision models."



**Kevin Jacob**

ETF Product Manager  
ETF ONE



### Absolute clarity on obligations

"A key component of my role as Managing Director of a MiFID firm is to understand how the CBI supervises us. I must have absolute clarity on my firm's obligations imposed as part of our conditions of authorisation.

It is useful to understand PRISM, but it should not dictate the way your firm is governed, organised and controlled. Regardless of which PRISM rating your firm is, I strongly believe there should be a robust risk, governance and control framework that is flexible and appropriate to the nature, scale and complexity of your business model."



**Victoria Brown**

Managing Director  
Aberdeen Standard  
Investments Ireland Limited

# THE BIGx5 IN YOUR #FIRST18: REGULATORY ENVIRONMENT

## Keeping up to date with regulatory thinking

### Keeping up to date with regulatory thinking

The Central Bank is transparent in the way that it goes about designing and implementing new rule changes. The flipside is that it expects Irish financial services firms to be up-to-date on the key issues on its radar. Further, it wants to see that firms are mindful of the Central Bank's messaging, and implementing it when running their businesses. For example, if you are making a new board appointment, are you aware that the Central Bank has **diversity and culture** at the top of its regulatory agenda? Consider that you will need internal or external resources tasked with keeping abreast of regulatory developments on an ongoing basis.

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# 4. COMPLIANCE

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1. x4 ways to establish a reporting and monitoring framework
2. Allocating regulatory obligations to Delegates and Designated Persons (DPs)

## THE BIGx5 IN YOUR #FIRST18: COMPLIANCE

### x4 ways to establish a reporting and monitoring framework

"Irish Mancos need to start thinking about how they are seen to stand alone. During the authorisation process and in the early start-up days, they will leverage off group infrastructure for things such as compliance frameworks and capital requirements. But the Central Bank expects to see them develop into standalone businesses in the not too distant future.

Irish-ifying the Group compliance framework is less about replacing the name of the UK ACD with the name of the Irish Manco. It's more about looking at the shape of the business in Ireland, which could well be different to that in the UK. For example, you could find that the business of the Irish Manco has a more significant currency risk attached to it, and that needs to be reflected in your capital calculations."

**Paul Traynor**  
Partner,  
Wealth and Asset Management Advisory  
EY





# THE BIGx5 IN YOUR #FIRST18: COMPLIANCE

## x4 ways to establish a reporting and monitoring framework

### 1. Draw on existing frameworks

"The real skillset is replicating as much of the existing architecture of the Group compliance framework as possible, and to build in the additional parts that are unique to the Irish market. We try not to disrupt those parts that were working well beforehand."



**Peter Stapleton**  
Head of Funds & Investment  
Management  
Maples Group

### 2. Use technology

"Realistically there is no way to get away from documented policies and procedures. However, technology can mitigate the cost with compliance tools, cloud storage and automated reminders."



**Simon O'Sullivan**  
Head of Sales and  
Business Development  
RiskSystem

### 3. Coupled with skilled people

"Mancos can use entity management software. Best results come from using this approach coupled with skilled and experienced operatives who have done it before."



**John McCann**  
CEO Europe and Cayman  
Islands, Mainstream Fund  
Services (Ireland) Ltd.

## THE BIGx5 IN YOUR #FIRST18: COMPLIANCE

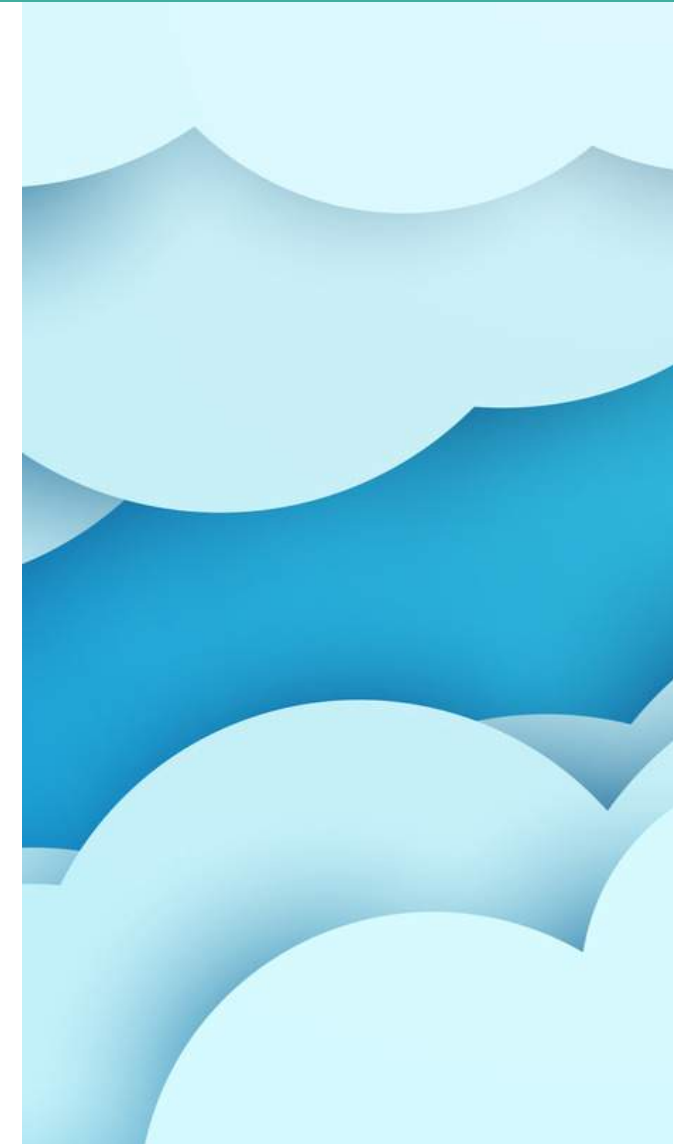
### x4 ways to establish a reporting and monitoring framework

#### 4. Educating seconded or relocated staff on Irish regulatory requirements

Where support is provided from a firm's HQ, it is critical that staff are educated on the regional nuances of Ireland's regulatory environment.

How to tackle this? We've identified two approaches:

- a. Leveraging on-the-ground expertise: Either in-house or via an advisory service
- b. Through ongoing training from an expert.



## THE BIGx5 IN YOUR #FIRST18: COMPLIANCE

### x4 ways to establish a reporting and monitoring framework



#### **Leveraging on-the-ground expertise: Either in-house or via an advisory service**

"Having a complete and detailed knowledge of the CBI guidance is vital to the overall success and accuracy of the reporting for a Manco. Assistance in understanding such matters can come from many parties such as consulting firms, audit firms and law firms. The requirements are not complex but they need to be fully understood to ensure compliance at all times. The importance of completing the MCR correctly cannot be overstated, so understanding each section and how calculations work from your first regulatory return is essential."



**Colin McKeon**

Head of Management Company  
Services  
Bridge Consulting



#### **Through ongoing training from an expert.**

"Irish Mancos, and the teams supporting them back in the UK, are increasingly looking for hand-pressed, detailed training. They want to be guided through the Irish funds rulebooks, to know exactly what rules they are subject to and how to comply. These firms are dedicated to getting it right."



**Daniel Lawlor**

Founder & Director  
Aquest

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# THE BIGx5 IN YOUR #FIRST18: COMPLIANCE

## Allocating regulatory obligation to Delegates and Designated Persons

To ensure compliance, the first order of the day is for Mancos to allocate regulatory obligations to Delegates (for performance) and to Designated Persons (for oversight).

### Obstacles

- Monitoring both Delegate performance and DP oversight effectively
- Cost: increase in number of days the CBI requires is putting pressure on fees and availability
- CBI is closely monitoring outsourcing of these positions

### Easy Wins

- Ireland has a strong DP infrastructure in place
- Choice between build and buy in terms of DPs
- Delegated investment management model works well





## THE BIGx5 IN YOUR #FIRST18: COMPLIANCE

### Allocating regulatory obligation to Delegates and Designated Persons

**"Tech to supplement delegate oversight:** Mancos need the ability to demonstrate to the regulator that they are compliant with their regulatory obligations. To do this, they must have the right frameworks and sufficient services. Technological developments are the answer to that. We used technology to supplement our monitoring and reporting, and record compliance.

This gives sufficient control and understanding from a management company perspective. If you think about larger Mancos who have 3 or 4 different products such as an AFIM platform, technology gives you the ability to monitor what's happening on those platforms on a horizontal level. This is more effective than having a separate approach for each structure."

**Kevin Coughlan**  
Vice President  
Brown Brothers Harriman





# 5. LEGAL

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1. At what stage will new Mancos begin to update prospectuses and re-paper contracts?
2. What are the key things to get right when engaging with investors?
3. Are tweaks to the business plan likely to be necessary?

## THE BIGx5 IN YOUR #FIRST18: LEGAL

At what stage will new Mancos begin to update prospectuses and re-paper contracts?



### Agree a plan & timetable beforehand

"We advise funds and their Mancos to agree a project plan and timetable, and to begin the process of updating their prospectuses and re-papering contractual arrangements with service providers a number of weeks in advance of the date of their proposed appointment by the fund. The project plan should set out realistic timeframes for obtaining regulatory approval of changes to the fund prospectus and the negotiation of agreements with new or continuing service providers."



**Conor Durkin**

Partner  
Mason Hayes & Curran



### In parallel with the authorisation

"This will be done in parallel with the authorisation process so the documents are ready to be updated on appointment. This has become a relatively standard task. Care should be taken to ascertain whether the appointment of or change in management company requires shareholder approval."



**Des Fullam**

Global Head of Product  
Carne Group

# THE BIGx5 IN YOUR #FIRST18: LEGAL

## What are the key things to get right when engaging with investors?



### Clear communication and education

"Being clear in their communications with investors will be key for Mancos. If shareholder consent is required, it will need to be managed within the project timeframe. Shareholders will look for details of the commercial background regarding a change, as well as reassurance regarding the continuing management of the fund."



**Conor Durkin**  
Partner  
Mason Hayes & Curran

"Educating investors on the benefits of the Manco structure (reduced capital requirements, reduced interaction with regulators, reduction in compliance overhead etc) is key."



**Simon O'Sullivan**  
Head of Sales and  
Business Development  
RiskSystem

"Communication is key: why the change and how does it impact the investors? To avoid disruption, there needs to be a clear message and also the follow up support to ensure any anxieties concerns are properly addressed."



**John McCann**  
CEO Europe and Cayman  
Islands, Mainstream Fund  
Services (Ireland) Ltd.

# THE BIGx5 IN YOUR #FIRST18: LEGAL

## Are tweaks to the business plan likely to be necessary?



### Treat the business plan as a live document

"Given the likelihood of Central Bank reviews in the next few years, Mancos need to be sure that there is parity between Business Plans on paper and in practice. The only way to ensure this is to review."



**Peter McKeown-Walley**  
Legal Counsel  
Natixis Investment Managers

"Business plans are organic documents reflecting how a manco operates and require regular review and refinements to ensure they reflect the current regulatory environment and regulator expectations."



**Cormac Commins**  
Partner  
Arthur Cox

"Ultimately the CBI will check that what is outlined in your business plan is being done in practice. If your practices change, then this should be reflected in the business plan. Things like additional sub-funds, changes in DPs or Delegates should also be updated in the business plan."



**Des Fullam**  
Global Head of Product  
Carne Group



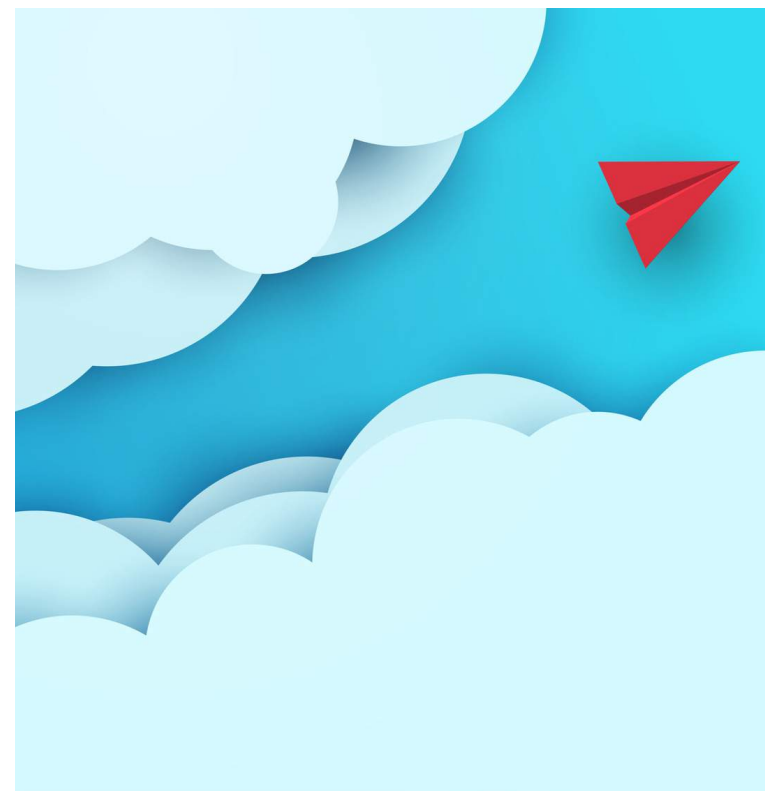
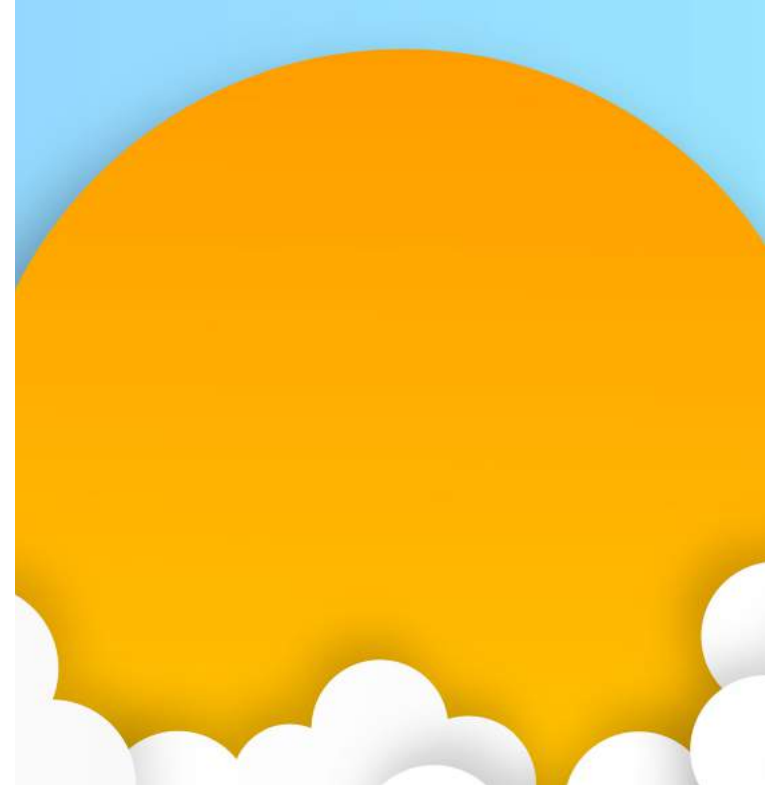
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# GOVERNMENT SUPPORT & INDUSTRY RESOURCES



## Government Support and Industry Resources

In this section:



Fiona McCabe  
IDA Ireland



Anne Keys  
100 Women in Finance



Daniel Lawlor  
Aquest Academy



Clive Bellows  
basis.point



Gerry Sugrue  
Euronext Dublin



Audrey Crummy  
Financial Services Ireland



Kieran Fox  
Irish Funds Industry  
Association

## GOVERNMENT SUPPORT

### IDA Ireland

IDA Ireland is Ireland's inward investment promotion agency, responsible for attracting and developing foreign investment in Ireland. Our track record for developing relationships and winning investments from the world's leading corporations & emerging high growth technology companies is second to none. Ireland's success in attracting FDI is a combination of a pro-business, technology advanced environment, an attractive corporate tax rate and an educated and talented work force.

Fiona is Head of the Investment Management sector at IDA Ireland based in Dublin. Her role involves helping asset management firms grow and develop their business in Ireland. This includes managing the existing portfolio of global multinational clients operating in this sector, and attracting new companies to establish in Ireland by helping with their decision-making process.

The team supports firms' locational due diligence exercise through a combination of confidential bilateral meetings and private briefing events involving key stakeholders such as the Central Bank of Ireland (CBI), Department of Finance and others. They engage with firms on issues such as: regulatory capacity, capability and application process, substance requirements, operating costs, recruitment, commercial real estate, taxation, international access, housing, international schooling, work permits, incentives and future national policies.



**Fiona McCabe**

Head of Investment  
Management,  
International Financial  
Services, IDA Ireland  
[www.idaireland.com](http://www.idaireland.com)  
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## INDUSTRY RESOURCES

### 100 Women in Finance

100WF is a global network of professionals in the finance and alternative investment industries working together to empower women at every stage of their careers. Ireland became 100WF's 22nd location in 2017, and today we have over 400 members. Carol Widger, Managing Partner, Dechert is our Chairperson and we have a strong committee of 15 women from the industry.

Our 3 pillars are **education**, **peer engagement** (networking) and **philanthropy**. We provide a great opportunity for women in new Brexit firms to network in an informal and supportive environment and make new connections in Ireland.

Anne is one of the founding members of 100WF. Along with the steering committee, she focuses on increasing membership, sourcing event sponsorship and organising senior practitioner events. Anne was selected as Co-Vice Chair of the Dublin chapter, alongside Ciara McGuinness. If you're interested in hearing more about 100Women in Finance or becoming a member or sponsor, please contact [anne@thepanel.com](mailto:anne@thepanel.com).



**Anne Keys**

Founding Member,  
Co-Vice Chair  
100 Women in  
Finance

[www.100women.org](http://www.100women.org)

[anne@thepanel.com](mailto:anne@thepanel.com)



## INDUSTRY RESOURCES

### Aquest Academy

Aquest Academy is for people who are new to the Irish Funds industry and are stepping into regulatory or compliance roles. We break down industry jargon and give you a clear idea of what the industry does, the role you have to play in this space, and why it matters.

Our 2-Day bootcamp is tailored specifically by group for Fund Administrators, Fund Lawyers or Regulators. This is followed by access to Aquest Online, a series of tutorials to embed learnings from the bootcamp. Six months on, we do a 1-Day follow up on the bootcamp. Learning wraps up with a higher-level Funds School.

These bespoke programmes are designed to match your learning and development needs, drawing directly from Daniel's unique experience, gained both in industry practice and as a securities regulator.



**Daniel Lawlor**

Founder & Director  
Aquest

Funds Lawyer  
Former Regulator of CBI

[www.aquest.ie](http://www.aquest.ie)

## INDUSTRY RESOURCES

### Aquest Podcast Series

#### The Aquest Podcast: #First18 Special Series

Aquest has produced a podcast series to accompany the #First18: From Survive to Thrive Special Report. Host Daniel Lawlor chats to many of the industry experts who have contributed to this report, as they provide insights and analysis about the 5 key challenges facing newly authorised fund Mancos. If you are interested in learning more, find the podcasts at [aquest.ie](http://aquest.ie), or on iTunes by searching The Aquest Podcast: #First18.

NO.	TOPIC	CO-HOST
1	5 key challenges for the #First18 months	Tara Doyle, Matheson Grellan O'Kelly, Davy
2	Recruitment	Jennifer Cahill, Savvi Recruitment Consultants
3	Personal Tax	Cormac Kelleher, Mazars
4	Regulatory Environment	Dave Montgomery, Eisner Amper
5	Compliance	Lisa Kealy, EY Paul Traynor, EY
6	Legal	Peter Stapleton, Maples Group Karen Killalea, Maples Group
7	Impact on existing Mancos	Tara Doyle, Matheson Grellan O'Kelly, Davy

## INDUSTRY RESOURCES

basis.point

basis.point is the charity initiative of the Irish Funds Industry, established with the aim of making a sustainable and meaningful difference to the lives of children in disadvantaged communities. We support six organisations with programmes throughout Ireland. Our programmes enable the young recipients to develop the skills and attitudes necessary to work towards a better future for themselves and their families.

We operate a funding model whereby individuals and corporates make annual contributions. As we become more experienced and gain a deeper understanding of both where the need is greatest and where we can have the highest impact, we have been able not only to expand the geographic reach of proven initiatives but also to work together on some truly groundbreaking initiatives.

Clive's role as Chairperson is to oversee the activities of basis.point.



**Clive Bellows**

Chairperson  
basis.point

[www.basispoint.ie](http://www.basispoint.ie)

## INDUSTRY RESOURCES

### Euronext Dublin

Euronext Dublin is part of a pan-European group of exchanges which offers investment funds and ETFs a fast and cost efficient way to access European investors. The exchange is recognised worldwide as the leading centre for listing investment funds with over 5,000 fund share classes listed. A listing can complement sales efforts and widen distribution to institutional investors in Europe. It can also significantly enhance visibility of a product to a large network of international investors.

Euronext also operates a NAV trading platform which allows open-ended investment funds to be purchased through the Euronext broker network.

Gerry engages with both new and existing asset managers which operate and manage the investment funds listed on Euronext Dublin. This engagement also extends to the wider industry, including Irish fund management companies.



**Gerry Sugrue**  
Vice President –  
International Primary  
Markets  
Euronext Dublin

[www.ise.ie](http://www.ise.ie)

## INDUSTRY RESOURCES

### Financial Services Ireland

Financial Services Ireland is the Ibec sector representing the full suite of financial services companies in Ireland. FSI has 140 members across the industry.

Our representative activities are on a whole-of-industry basis, with notable exceptions. We engage directly with the CBI, political stakeholders, government departments and other trade bodies, and directly with the European Institutions.

Newly authorised companies in particular find value in Ibec's unlimited HR advice and support, FSI's events and networking opportunities, political and regulatory roundtables, access to policy committees, and more.

As Head of Regulatory & EU Affairs at FSI, Audrey is responsible for coordinating, drafting and advocating industry positions to the Central Bank of Ireland and EU Institutions. She is an ACOI-qualified Barrister-at-Law.



**Audrey Crummy**  
Senior Executive -  
Regulation & EU Affairs  
Financial Services  
Ireland  
[www.fsi.ie](http://www.fsi.ie)



## INDUSTRY RESOURCES

### Irish Funds Industry Association

Irish Fund's mission is to support, complement and develop the funds industry in Ireland at a EU level. We represent the industry in discussions with Government, its departments/agencies and the Central Bank of Ireland to ensure that the environment and infrastructure available can support the continued development and growth of the industry.

Kieran is responsible for working with the investment management community and bringing new members into the Association. He participates in several industry Steering Groups including Distribution, Brexit, and Marketing & Promotion and has led on several industry regulatory matters, including the implementation of AIFMD in Ireland.



**Kieran Fox**

Director of Business  
Development  
Irish Funds Industry  
Association

[www.irishfunds.ie](http://www.irishfunds.ie)

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