



STATE STREET.

30 May 2014

Via e-mail: fundspolicy@centralbank.ie

Article 36 Consultation
Markets Policy Division
Central Bank of Ireland
Block D
Iveagh Court
Harcourt Road
Dublin 2

**Consultation Paper 78 - Consultation on carrying out
depository duties in accordance with Article 36 of the
AIFMD (“CP78”)**

Dear Sir/Madam:

State Street Corporation (“State Street”) appreciates the opportunity to comment on CP78 issued by the Central Bank of Ireland (“CBI”) regarding the provision of Article 36 depository duties by entities authorised in Ireland.

Headquartered in Boston, Massachusetts, with branches and subsidiaries throughout the European Union (“EU”), State Street specialises in providing institutional investors with investment servicing, investment management and investment research and trading. With EUR 27.47 trillion in assets under custody and administration and EUR 2.38 trillion in assets under management, State Street operates in 29 countries and in more than 100 markets worldwide¹. Our European workforce of 9,000 employees provides services to our clients from offices in ten EU Member States and includes 2,000 employees and 5 locations in Ireland.

State Street believes that the CBI is correct in identifying that there is a potential conflict of interest in entities which provide administration services to an AIF also

¹ As of March 31, 2014.

providing depositary services in accordance with Article 36 of the AIFMD. The CBI correctly points out that there should be functional and hierarchical separation between these two activities. We therefore respect the CBI's careful consideration of allowing other Irish authorised entities to exercise some of the duties which are ordinarily the reserve of depositary companies.

State Street believes that all depositary services as defined in Articles 21(7), (8)(a), (8)(b) and (9) of AIFMD are best provided by specialist depositary companies. The CBI's AIF Rulebook in Chapter 6 section i(1) establishes sound principles for the eligibility of entities that may act as depositaries for Irish domiciled AIFs. These principles have long been established in the Irish market in UCITS Notice 3 paragraph 5 and Non-UCITS Notice 6 paragraph 4 and have played no small part in establishing Ireland as a well-respected and well-regulated jurisdiction within the funds industry. We feel that it is important that these standards are maintained.

In particular, State Street would suggest that the depositary services as required by Article 21(9) of the AIFMD should only ever be provided for by an entity that is an entity authorised and regulated by the CBI to act as a depositary to Irish authorised funds with functional and hierarchical separation from the entity providing services as a delegate of the AIFM, including administration. It is important that oversight of the application of the AIF's valuation policy, processing of subscription and redemption activity and application of the AIF's income is not also carried out by the same functional unit of the entity that is carrying out this activity on a day to day basis.

When an Irish entity is appointed to carry out Article 36 depositary duties, it should be incumbent upon the contracting party to ensure that it puts procedures in place to ensure that it is satisfying the requirements of the legislation, including the ability to use the reconciliations and records maintained by other service providers to the AIF in order to fulfil its depositary obligations. We would urge the CBI not to over-interpret the legislative requirements in this regard, to the extent that it would jeopardise the competitiveness of Ireland as a jurisdiction.

Please feel free to contact me should you wish to discuss State Street's submission in greater detail.

Sincerely,



Susan Dargan, Head of Global Services Ireland

State Street International (Ireland) Limited