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YOUR REF:

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Consultation Paper 60 - Consultation on the implementation of Alternative Investment Fund Managers Directive

Dear Sirs,

We refer to Consultation Paper 60 - Consultation on the implementation of Alternative Investment Fund Managers Directive (the "**Directive**") ("**CP60**"), issued by the Central Bank of Ireland. We welcome the revised framework and the introduction of the AIF Handbook to replace the current requirements set out in the NU Notices and related Guidance Notes.

At the outset, we would like to endorse the comprehensive submission of the Irish Funds Industry Association in respect of CP60. We believe the IFIA submission merits full consideration by the Central Bank and represents the views of the major stakeholders in the Irish funds industry.

We have also set out below the key concerns we believe will effect our clients business at 1 - 3 below.

- AIFMs falling below the thresholds specified in the AIFMD, as referenced in footnote 5, are subject to registration requirements only. The Central Bank considers that RIAIFs and QIAIFs should be subject to all AIFMD requirements as they are authorised investment funds. Do you support this approach?**

As outlined in the IFIA Submission, we have significant concerns with this approach as it prejudices many of our small alternative investment fund manager ("**AIFM**") clients. Such small AIFM clients will be immediately placed at a disadvantage to their competitors in other jurisdictions by imposing undue costs and administrative burdens on their business. We believe that the proposed approach of the Central Bank is at odds with the spirit and the principle of the Directive having regard to the nature, scale and complexity of AIFMs and alternative investment funds ("**AIFs**").

We are aware of Irish firms who may wish to avail of this exemption and should the Central Bank impose a regime where all the requirements under the Directive are applicable to small AIFMs, it is likely the firms will move to another jurisdiction. Those firms will then continue to distribute their

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investment products in Ireland whilst being regulated in another EU country. We do not believe this is a sensible outcome.

We would strongly urge the Central Bank to reconsider this approach and open dialogue with industry in this regard, particularly in light of the approach taken by Luxembourg as outlined in the IFIA Submission.

2 Are there any other initiatives, options or changes which we should consider?

Authorisation Process

To date, one of the most frequent queries we have received from clients relates to the timing of the authorisation process for AIFMs seeking authorisation under the Directive. As a leading international funds jurisdiction, it is imperative that the Central Bank determines the authorisation process as soon as possible to ensure a streamline process for AIFMs currently operating in Ireland and any new AIFMs currently considering Ireland as a potential domicile for AIFs.

As set out in the IFIA Submission, given that the Directive contemplates a 3 month authorisation process for AIFMs, we would expect that a form of application process should be agreed by April 2013 at the latest to ensure that, where required, authorisation can issue in July 2013.

3 Are there any transitional measures that we should consider to facilitate an orderly transition for existing non-UCITS investment funds to the new regime?

It is clear that there will be a significant amount of work to be completed by existing AIFMs before they will be in a position to comply in full with the new regime. On the basis that many AIFMs who will fall within the scope of the Directive will not have been regulated prior to the introduction of the Directive, and given the nature of the operational, procedural and structural changes required to comply with the Directive, we believe it is in the interests of the Central Bank to provide existing AIFMs and AIFs with the maximum amount of time permitted to complete their application for authorisation and comply with the requirements of the Directive. As discussed at 2 above, dialogue relating to the authorisation process and timelines for new and existing AIFMs and AIFs should be opened with industry as soon as possible.

We believe Article 61 of the Directive takes account of the large volume of changes which existing AIFMs and AIFs will be required to implement. Article 61 of the Directive clearly provides that existing AIFMs performing activities under the Directive prior to 22 July 2013 shall take all necessary measures to comply with national law stemming from the Directive and shall submit an application for authorisation under the Directive within one year of that date. We believe that this Article should be followed in full by the Central Bank when implementing the Directive.

Thank you for your consideration.

Yours faithfully,

Sent by email and, accordingly, bears no signature.

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