

**Managers of EuSEF funds – Application form**

**Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds**

 **April 2016**

**Consultation Paper | CPX**

**GUIDANCE AND NOTES ON COMPLETION**

**Guidance on applications for EuSEF managers**

1. Regulation (EU) No. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds, (“the EuSEF Regulation”), applies to managers of qualifying social entrepreneurship funds that wish to use the designation “EuSEF” and meet the following conditions:

(a) their assets under management in total do not exceed the threshold referred to in point (b) of Article 3(2) of Directive 2011/61/EU (subject to paragraphs 2 and 3 of this Guidance);

(b) they are established in the Union;

(c) they are subject to registration with the competent authorities of their home Member State in accordance with point (a) of Article 3(3) of Directive 2011/61/EU (“the AIFMD”); and

(d) they manage portfolios of EuSEF funds.

1. An applicant which is not a registered AIFM may submit its application for registration as an AIFM simultaneously with this application, by also submitting the AIFM registration [form](http://www.centralbank.ie/regulation/industry-sectors/funds/aifmd/Documents/AIFM%20Registration%20form%20September%202013%20Final.doc).[[1]](#footnote-1)

1. In accordance with Article 2(2) of the Regulation, EuSEF managers that subsequently exceed the threshold in Article 3(2)(b) of the AIFMD have to seek authorisation in accordance with the AIFMD. These managers can continue using the EuSEF denomination in relation to the marketing of qualifying funds under the conditions set out in subparagraphs (a) and (b) of Article 2(2) of the Regulation and can also set up and market new funds.
2. In addition to the conditions set out in the Regulation, the following conditions will be imposed by the Central Bank on the EuSEF manager pursuant to S.I. No. 166 of 2015on the European Union (European Social Entrepreneurship Funds) Regulations 2015:
* annual audited accounts of the EuSEF manager must be submitted to the Central Bank;
* the EuSEF manager will not be permitted to hold client assets. Assets in this regard should be entrusted to a third party, which may be a regulated entity or another institution which the EuSEF manager considers is a safe repository for holding assets of the fund; and
* the EuSEF manager shall retain, for the purposes of providing for an orderly wind-down, one quarter of its preceding year’s fixed overheads, calculated in accordance with the following:

a) The EuSEF manager’s fixed overheads is to be calculated based on all expenses incurred by it in the preceding financial year, as set out in the audited financial statements, with the following exceptions:

i) fully discretionary staff bonuses;

ii) employees', directors' and partners’ shares in profits, to the extent that they are fully discretionary;

iii) other appropriations of profits and other variable remuneration, to the extent that they are fully discretionary;

iv) shared commission and fees payable which are directly related to commission and fees receivable, which are included within total revenue, and where the payment of the commission and fees payable is contingent upon the actual receipt of the commission and fees receivable;

v) fees, brokerage and other charges paid to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions;

vi) non-recurring expenses from non-ordinary activities;

vii) directors fees, salaries or other expenses by way of remuneration, payable to directors or employees who are shareholders or partners in the EuSEF manager, where those directors or employees, as the case may be, have entered into a formal agreement with the EuSEF manager that their entitlement to these fees, salaries or other expenses by way of remuneration will be subordinated to other creditors in the event of a failure or a resolution of the EuSEF manager.

b) Where fixed overheads have been incurred on behalf of the EuSEF manager by third parties, and these fixed overheads are not already included within the total expenses calculation, these fixed overheads shall be allocated based on the underlying expenses of the third party, when such a break-down is available, and the EuSEF manager shall subsequently add their applicable share of the fixed overheads to the figure calculated above. When such a break-down is not available, the EuSEF manager shall add these expenses according to the business plan to the figure calculated above.

c) Where the EuSEF manager’s most recent audited financial statements do not reflect a twelve month period, the EuSEF manager shall divide the result of the overall calculation by the number of months that are reflected in the financial statements and shall subsequently multiply the result by twelve, so as to produce an equivalent annual amount.

1. Where a EuSEF fund provides loans to an Irish SME then the Code of Conduct for Business Lending to Small and Medium Enterprises will apply.
2. Individual Questionnaires in respect of Pre-Approval Control Functions in the EuSEF manager must be submitted to the Central Bank’s Regulatory Transactions Division for review under the [Central Bank’s Fitness & Probity Regime](http://www.centralbank.ie/regulation/processes/fandp/serviceproviders/Pages/default.aspx).
3. Article 16 of the Regulation requires the EuSEF manager to inform the Central Bank where they intend to market:

(a) a new qualifying social entrepreneurship fund; or

(b) an existing qualifying social entrepreneurship fund in a Member State not mentioned in the list referred to in point (d) of Article 15(1) of the Regulation.

Section 2 and/or 4 (as relevant) of the application form should be submitted in respect of each such subsequent notification.

**Completing this application**

1. All questions must be completed before the application can be considered. If a question does not apply, please write **not applicable** or **none** as appropriate. Do not leave any blank spaces. **(Incomplete Applications will be returned.)** If the applicant is unable to submit any of the documentation requested below, please give an explanation in a covering letter (referring to the section number).
2. If insufficient space has been provided for a reply or if the answer is requested on a separate sheet, please provide that information on a separate sheet and refer to it in the space provided for the answer. Please ensure that any sheets are clearly marked with the name of the organisation and referenced to the appropriate question.
3. Any questions that have a **YES** and a **NO** box should be completed as appropriate.
4. Further information or clarification may be requested (having regard to the replies furnished) for the purpose of considering and evaluating an application.
5. Applications should be submitted to:

*Authorisation*

*Asset Management Authorisation and Inspections*

*Central Bank of Ireland*

*New Wapping Street*

*North Wall Quay*

*Dublin 1*

In the event that the applicant is an internally managed EuSEF fund, applications should be submitted to:

*FSP Authorisations Team*

*Securities & Markets Supervision Directorate*

*Central Bank of Ireland*

*New Wapping Street*

*North Wall Quay*

*Dublin 1*

1. A soft copy submission should be made to MancoFSPauthorisations@centralbank.ie or, in the case of internally managed EuVECA funds to FSPauthorisations@centralbank.ie

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|  | **SECTION 1 – Contact Details and Basic Information on the Applicant** |  | **CBI** |
|  |  |  |  |
| 1.1 | Registered name of the Applicant (“the EuSEF Manager”) at the date of submission of the application: |  |  |
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|  |  |  |  |
| 1.2 | Point of contact within the EuSEF manager for the purpose of this application: |  |  |
|  |  **Name:** |  |  |  |
|  |  **Position:** |  |  |  |
|  |  **Business Address:**  |  |  |  |
|  | **Telephone Number:** |  |  |  |
|  | **Email:** |  |  |  |
|  |  |  |  |
| 1.3 | Name and address of the EuSEF managers legal advisers and representative, where applicable: |  |  |
|  | **Name:** |  |  |  |
|  | **Address:** |  |  |  |
|  | **Contact Name:** |  |  |  |
|  | **Telephone Number:** |  |  |  |
|  | **Email:** |  |  |  |
|  |  |  |  |
| 1.4 | Regulatory status |  |  |
|  | Is the EuSEF manager currently authorised /registered by the Central Bank? |  |  |
|  | Central Bank Reference Number:**C** |  |  |
|  |  |  |  |
|  | Date Of Incorporation:Companies Registration Number: |  |

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|  | **SECTION 2 – Details of the EuSEF fund(s)** | **Doc Ref.** | **CBI** |
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| 2.1 | Please provide details regarding the EuSEF funds in the below table: |  |  |
|  |  |  |  |  |  |  |  |
|  | **EuSEF Name** | **EuSEF Structure** | **Domicile/ place of establishment** | **€ AUM Total** | **Key investment strategy** |  |  |
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| 2.2 | Is the applicant an internally managed EuSEF fund? | Yes/No |  |  |
|  |  |  |  |
| 2.3 | In the case of existing funds under the management of the Applicant that will not be designated as EuSEF funds, please complete the following table: |  |  |
|  | **Fund Name** | **Fund Structure** | **Domicile/ place of establishment** | **€ AUM Total** | **Key investment strategy** |  |  |
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| 2.4 | Please attach the offering document or prospectus |  |  |
|  | Please indicate the section heading and paragraph of the offering document or prospectus where the following information is set out[[2]](#footnote-2) in respect of each EuSEF fund: (**This section should be completed separately for each EuSEF fund.)** |  |  |
|  | (a) the identity of the EuSEF manager and any other service providers contracted by the EuSEF manager in relation to the management of the EuSEF funds, and a description of their duties; |  |  |
|  | (b) the amount of own funds available to the EuSEF manager (as described in paragraph 3 of the Guidance and notes on compilation above) together with a detailed statement as to why the EuSEF manager considers that amount to be sufficient for maintaining the adequate human and technical resources necessary for the proper management of its EuSEF funds; |  |  |
|  | (c) a description of the investment strategy and objectives of each EuSEF fund, including: |  |  |
|  | (i) the types of the qualifying portfolio undertakings in which it intends to invest; |  |  |
|  | (ii) any other EuSEF funds in which it intends to invest; |  |  |
|  | (iii) the types of qualifying portfolio undertakings in which any other EuSEF fund, as referred to in point (ii), intends to invest; |  |  |
|  | (iv) the non-qualifying investments which it intends to make; |  |  |
|  | (v) the techniques that it intends to employ; and |  |  |
|  | (vi) any applicable investment restrictions. |  |  |
|  | (d) the positive social impact being targeted by the investment policy of the EuSEF fund, including, where relevant, projections of such outcomes as may be reasonable, and information on past performance in this area; |  |  |
|  | (e) the methodologies to be used to measure social impacts; |  |  |
|  | (f) a description of the assets other than qualifying portfolio undertakings and the process and the criteria which are used for selecting these assets unless they are cash or cash equivalents; |  |  |
|  | (g) a description of the risk profile of the EuSEF fund and any risks associated with the assets in which the EuSEF fund may invest or investment techniques that may be employed; |  |  |
|  | (h) a description of the EuSEF fund’s valuation procedure and of the pricing methodology for the valuation of assets, including the methods used for the valuation of qualifying portfolio undertakings; |  |  |
|  | (i) a description of how the remuneration of the EuSEF manager is calculated; |  |  |
|  | (j) a description of all relevant costs and of the maximum amounts thereof; |  |  |
|  | (k) where available, the historical financial performance of the EuSEF fund; |  |  |
|  | (l) the business support services and the other support activities provided by the EuSEF manager or arranged through third parties in order to facilitate the development, growth or in some other respect the on-going operations of the qualifying portfolio undertakings in which the EuSEF fund invests, or, where these services or activities are not provided, an explanation of that fact; |  |  |
|  | (m) a description of the procedures by which the EuSEF fund may change its investment strategy or investment policy, or both. |  |  |
|  |  |  |  |
| 2.5 | Please enclose a copy of the EuSEF fund rules or instruments of incorporation and indicate where to find the rules for the valuation of the EuSEF fund’s assets, in accordance with Article 12 of the Regulation. |  |  |

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|  | **SECTION 3 – Programme of Operations** | **Doc Ref.** | **CBI** |
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|  | **In order to ensure that an applicant EuSEF manager will meet with the conditions set out in the Regulation, the Central Bank requires a sufficiently detailed Programme of Operations to indicate the following:** **Please indicate where each item is located in the Programme of Operations.** |  |  |
|  |  |  |  |
| 3.1 | Article 7 – Conduct of Business |  |  |
|  | The policies and procedures for preventing malpractices as required under Article 7(b) |  |  |
|  |  |  |  |
| 3.2 | Article 8 - Delegation |  |  |
|  | Details of any functions delegated to third parties and the identity of the delegate(s) |  |  |
|  |  |  |  |
| 3.3 | Article 9 – Conflicts of Interest |  |  |
|  | The organisational and administrative arrangements in place in order to comply with the requirements set out in Article 9(1) and (2) |  |  |
|  |  |  |  |
| 3.4 | Article 10 – Social Impact |  |  |
|  | The procedures to measure the extent to which the qualifying portfolio undertakings achieve the positive social impact to which they are committed.  |  |  |
|  |  |  |  |
| 3.5 | Resources |  |  |
|  | (i) Details of the EuSEF manager’s human and technical resources and how these resources are sufficient to carry out the proposed activity |  |  |
|  | (ii) Confirmation that the EuSEF manager will at all times ensure that it is able to justify the sufficiency of its own funds to maintain operational continuity and will disclose their reasoning as to why those funds are sufficient, as specified in Article 14 of the Regulation  |  |  |
|  | (iii) Confirmation that the EuSEF manager will at least retain, for the purposes of providing for an orderly wind-down, one quarter of its preceding year’s fixed overheads as outlined in paragraph 3 of the Guidance and notes on compilation set out above.  |  |  |
|  |  |  |  |
| 3.6 | Article 15 - Individuals responsible for Conduct of Business |  |  |
|  | 1. Details of the directors and senior persons within the EuSEF manager and their respective roles
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|  |  |  |  |
|  | 1. An organisation chart which sets out the headcount for relevant divisions and the reporting lines
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|  | 1. Evidence that the individuals effectively conducting the business of the EuSEF manager possess adequate knowledge and understanding of the qualifying portfolio undertakings in which the EuSEF fund(s) will invest.
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|  | 1. Confirmation that Individual Questionnaires have been submitted to the Central Bank’s Regulatory Transactions Division for review under the Fitness & Probity Regime
 |  |  |
|  | 1. The identity of the persons that will perform Pre-Approval Control Functions (including their job titles and PCF roles)
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|  |  |  |  |
|  | **Name** | **Job Title** | **PCF Role** |  |  |
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|  | **SECTION 4 – Marketing of the EuSEF in the EU / EEA** |  |  |  |
|  |  |  |  |  |
| 4.1 | Please tick the appropriate boxes to confirm the Member States into which each EuSEF fund will be marketed by the EuSEF manager: (**Note that a separate Section 4 should be completed for each EuSEF fund.)** |  |  |  |
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|  | **EU Member States** |  |  |  |  |
|  | Austria |  |  |  |  |
|  | Belgium |  |  |  |  |
|  | Bulgaria |  |  |  |  |
|  | Croatia |  |  |  |  |
|  | Cyprus |  |  |  |  |
|  | Czech Republic |  |  |  |  |
|  | Denmark |  |  |  |  |
|  | Estonia |  |  |  |  |
|  | Finland |  |  |  |  |
|  | France |  |  |  |  |
|  | Germany |  |  |  |  |
|  | Greece |  |  |  |  |
|  | Hungary |  |  |  |  |
|  | Ireland |  |  |  |  |
|  | Italy |  |  |  |  |
|  | Latvia |  |  |  |  |
|  | Lithuania |  |  |  |  |
|  | Luxembourg |  |  |  |  |
|  | Malta |  |  |  |  |
|  | Netherlands |  |  |  |  |
|  | Poland |  |  |  |  |
|  | Portugal |  |  |  |  |
|  | Romania |  |  |  |  |
|  | Slovak Republic |  |  |  |  |
|  | Slovenia |  |  |  |  |
|  | Spain |  |  |  |  |
|  | Sweden |  |  |  |  |
|  | United Kingdom |  |  |  |  |
|  | EEA Jurisdictions |  |  |  |  |
|  | Iceland |  |  |  |  |
|  | Liechtenstein |  |  |  |  |
|  | Norway |  |  |  |  |

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|  **REGULATION (EU) No 346/2013 on European Social Entrepreneurship Funds****DECLARATION** |
|  |  |  |  |  |
| *[The applicant]* applies for registration as a EuSEF Manager under the ***Regulation (EU) No. 346/2013 of the European Parliament on European Social Entrepreneurship Funds***on the basis of information supplied with this application and any additional information supplied to the Central Bank of Ireland in the course of the application. |
|  |  |  |  |  |
| I/We acknowledge that the Central Bank of Ireland may disclose information in the performance of its statutory functions or otherwise as may be specifically authorised by law. |
|  |  |  |  |  |
| I/we warrant that I/we have truthfully and fully answered the relevant questions in this form and disclosed any other information which might reasonably be considered relevant for the purpose of the application. |
|  |  |  |  |  |
| I/we warrant and I/we will promptly notify the Central Bank of Ireland of any changes in the information I/we have provided and supply any other relevant information which may come to light in the period during which the application is being considered and, the application is accepted, thereafter. |
|  |  |  |  |  |
| *Dated this*  |  | *day of* |  | *20* |
|  |  |  |  |  |
| *Signed:* | *Position:* |
|  |  |  |  |  |
| *Signed:* | *Position:* |
|  |  |  |  |  |
| *For and on behalf of:**(Please print name of the Applicant. At least two directors, including the managing director must sign the declaration. Original signatures are required.)* |
|  |  |  |  |  |

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1. The [ESMA Questions and Answers](http://www.esma.europa.eu/system/files/2014-esma-1354_qa_eusef-euveca.pdf) on the Application of the EuSEF and EuVECA Regulations clarify that authorised AIFM may also manage and market EuSEF funds. [↑](#footnote-ref-1)
2. Article 14 of the Regulations [↑](#footnote-ref-2)