



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Investor Money Requirements Questions and Answers

December 2018

Investor Money Requirements

Questions and Answers

These Questions and Answers relate to the Central Bank's Investor Money Requirements which are set out in Part 7 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 (the "Regulations").

Defined terms in the Regulations have the same meaning in these Questions and Answers.

ID 1001

Q: Will the IMR apply to fund service providers that provide services to non-EU Investment Funds?

A: Yes. The Investor Money Requirements contained in Part 7 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 (S.I. No. 604 of 2017), defines an investment fund as an undertaking within the meaning of Article 1(2) of Directive 2009/65/EC or an AIF collective investment undertaking within the meaning of Article 4(1)(a) of Directive 2011/61/EU.

ID 1002

Q: In cases of redemptions where investor money cannot be securely paid out to a safely identifiable investor (e.g. unclaimed investor money or awaiting outstanding documentation from the investor, etc.), is a fund service provider permitted to move this money to a separate account held by the fund service provider which is also designated as a third party collection account?

A: Yes. Once the investor money is held in a third party collection account in accordance with the IMR, there is no restriction on a fund service provider operating a number of different third party collection accounts.

ID 1003

Q: Should unclaimed investor money be held in third party collection accounts in accordance with the IMR for an extended or indefinite period of time?

A: Yes. All unclaimed investor money should be held in third party collection accounts established in accordance with the IMR. This money should be held until claimed by the investor.

ID 1004

- Q: Do retrocessions/rebates withheld by a fund service provider fall within the definition of 'investor money'?
- A: Yes. If the investor is beneficially entitled to the retrocessions/rebates, the money should be treated as investor money.

ID 1005

- Q: Can the Head of Investor Money Oversight function be outsourced to a third party?
- A: No. The Head of Investor Money Oversight must be a role held within the fund service provider in accordance with the IMR even if certain operational obligations are outsourced to a third party where this outsourcing is permitted under the IMR. The Guidance should also be referred to in complying with this obligation.

ID 1006

- Q: Will a Head of Transfer Agency within a fund service provider be regarded as suitably independent of day to day processes to assume the role as Head of Investor Money Oversight?
- A: Each fund service provider is obliged to assess the independence of the proposed Head of Investor Money Oversight taking into account the size and complexity of the fund service provider. The Board of the fund service provider (the "Board") should ensure that the proposed Head of Investor Money Oversight can demonstrate that he/she is free from any conflicts of interest in respect of the role. The proposed Head of Investor Money Oversight should also be sufficiently removed from the performance of day to day operational functions relating to the administration of investor money. The fund service provider should document in the investor money management plan the rationale for the nomination and appointment of the Head of Investor Money Oversight, including the criteria used by the fund service provider in making this appointment. There may be circumstances in which the fund service provider forms the view that the Head of Transfer Agency meets these criteria and the Board's considerations and decision in that regard should be documented in the investor money management plan. Where the Head of Transfer Agency is appointed as Head of Investor Money Oversight, the fund service provider should keep the matter under regular review as the fund service provider must ensure that the Head of Investor Money Oversight continues to meet the criteria outlined above on a continuing basis.

ID 1007

Q: Does the Central Bank intend to produce a pro-forma Investor Money Management Plan template?

A: No. An investor money management plan should be developed by the fund service provider and tailored to the fund service provider's business model and complexity. For information on what should be included in the investor money management plan, please refer to the Guidance for Fund Service Providers in relation to Part 7 of the Central Bank Investment Firms Regulations – Investor Money Requirements.

ID 1008

Q: Can assurance work completed for a separate audit engagement be relied upon by the auditor in completing the Investor Money Examination?

A: It is a matter for each auditor to satisfy itself as to the assurance work necessary for it to complete and provide the reports required under the IMR. A separate report must be submitted to the Central Bank in relation to the investor money examination.



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