



Banc Ceannais na hÉireann
Central Bank of Ireland

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Fund Management Companies Guidance

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Central Bank of Ireland (Central Bank) requirements in relation to the organisation of Fund Management Companies¹ came in to full effect on 1 July 2018. The requirements² are supported by the Central Bank's Fund Management Companies – Guidance, dated December 2016 (“the Guidance”). The Guidance sets out that the board of the Fund Management Company should design its governance practices so as to be appropriate and commensurate to the business of the relevant company and, where applicable, the investment funds it manages.

Part II of the Guidance relates to the Organisational Effectiveness role which each Fund Management Company is required to have in place.³ The purpose of this role is to ensure that there is an independent director within the Fund Management Company who has the specific task of keeping the effectiveness of the organisational arrangements of the company under ongoing review, with his or her reports being submitted to the board for discussion and decision.

From 1 July 2018, Central Bank supervisors will be assessing how Fund Management Companies have implemented and embedded the new requirements and related guidance into their organisations. Specific emphasis will be placed on assessing the appropriateness of the Fund Management Company's resources and organisational structure. Through supervisory engagements with relevant firms, the Central Bank will focus on the assessment work performed by the Organisational Effectiveness role holder and, in particular, how the board of the Fund Management Company have implemented any proposals to improve organisational effectiveness.

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July 2018

¹ “Fund Management Company” means a UCITS management company, an authorised Alternative Investment Fund Manager (AIFM), a self-managed UCITS investment company and an internally managed Alternative Investment Fund which is an authorised AIFM.

² The requirements are contained in the Central Bank UCITS Regulations and the Central Bank's AIF Rulebook.

³ Regulation 100(7) of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2017.

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