



Legal Update

Central Bank updates AIFM Capital Requirements

The Central Bank of Ireland (the “Central Bank”) has announced additional capital requirements for AIFMs authorised to provide individual portfolio management (“IPM”) services. The announcement, which was made on 27th November 2023, follows the CP 152 consultation process which the Central Bank had recently conducted.

New Requirements

The new requirements for AIFMs authorised to provide IPM services have been included in section ix of Part B of Chapter 3 of the AIF Rulebook.

This new section sets out the detailed calculation methodology to be employed for related calculations. This may be calculated by reference to relevant K-factors as specified, including the asset under management, the client money held, assets safeguarded and administered, and client orders handled. Delegated assets must still be included.

There are certain exemptions for small AIFMs and non-interconnected AIFMs and limits relating to the definitions of these terms are set out. There is also a grace period of three months for entities that no longer fall under these conditions.

Central Bank Reporting

AIFMs subject to the new requirements must complete and submit on an annual basis a template

internal capital adequacy assessment process (“ICAAP”) questionnaire as published by the Central Bank. They are also subject to related ongoing internal monitoring obligations.

Timing

The new requirements apply for all AIFM authorised from 27th November 2023 but there is a grace period for those already operating under an existing authorisation. Existing AIFMs providing IPM Services will not be subject to the new capital requirements until 27th May 2024.

How Clerkin Lynch can Help

The asset management team at Clerkin Lynch LLP provides timely updates on all aspects of regulatory developments relating to the funds industry in Ireland. We provide assistance to asset managers and service providers, including AIFMs, seeking to conduct business in or through Ireland.



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