Central Bank updates AIFMD Q&A

The Central Bank of Ireland (the "Central Bank") issued a new edition of its Questions and Answers on the AIFMD document (the "AIFMD Q&A"), the 48th edition of this, on 1st November 2023 (the "Updated Q&A"). The Updated Q&A contains one new Q&A and an extension of an existing one, both addressed in detail below. These are welcome updates expected to boost interest in the relevant categories of funds.

Background

The Central Bank issues the AIFMD Q&A to clarify its interpretation of aspects of the AIFMD and its AIF Rulebook to ensure regulated entities as well as prospective market entrants and legal advisors are kept informed in this regard. The advantage of this approach is that new developments can be quickly communicated to the market so it facilitates a more agile, efficient and cost effective regulatory environment. The contents of the AIFMD Q&A constitute guidance from a legal perspective.

Latest Updates

The Updated Q&A now includes Q&A ID 1156 in relation to investment limited partnerships ("ILPs") and has amended Q&A ID 1084 relating to loan origination funds. Details below.

- **ILP Update**

The new Q&A ID 1156 sets out the circumstances where the Central Bank may exempt ILPs from certain accounting and audit requirements contained in the EU (Qualifying Partnerships: Accounting and Auditing) Regulations (SI 597/2019).

- **Loan Fund Update**

Loan origination funds authorised by the Central Bank in Ireland are subject to a range of specific requirements as well as restrictions on the categories of persons to whom they can make loans. The purpose of these restrictions is essentially to avoid facilitating these structures being used to fuel market bubbles as well as evading the rules against financial assistance. Q&A ID 1084 has now been amended to extend the potential exemption for loans to subsidiaries to also apply to co-investment vehicles in which they have a majority interest.

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