Asset Management & Investment Funds Group

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How to establish a common contractual fund (CCF) in Ireland

The CCF is one of a range of fund structures available to asset managers wishing to establish a regulated Irish fund. CCFs are tax transparent for investors which makes them particularly attractive for pension funds and asset pooling vehicles.

WHAT IS A CCF?

A CCF is an Irish regulated fund structure that can be established either as an undertaking for collective investment in transferable securities (UCITS) or as an alternative investment fund (AIF). A CCF may be established as a single standalone fund or, more commonly, as an umbrella fund comprising one or more sub-funds.

HOW IS THE CCF DIFFERENT TO OTHER IRISH FUND STRUCTURES?

Unlike fund structures such as the investment company with variable capital or the Irish collective asset-management vehicle (ICAV), a CCF does not have separate legal personality. The CCF is an unincorporated body constituted under contract by a deed of constitution between a management company and a depositary.

The key difference between a CCF and other Irish fund structures is that the CCF is tax transparent. This means that, for tax purposes, investors in the CCF are treated as if they directly own a share of all underlying investments held by the CCF proportionate to their investment in the CCF. This feature allows for economies of scale that make the CCF particularly attractive to pension funds and other asset pooling vehicles.

Investment in a CCF is limited to institutional investors, unlike other Irish fund structures that are generally open to investment by both natural persons and institutional investors. Investors in a CCF are not permitted to hold unitholder meetings.

HOW TO ESTABLISH A CCF

As a CCF does not itself have separate legal personality, it relies on its service providers to act on its behalf.

A CCF must have a regulated management company, namely either a UCITS management company or an alternative investment fund manager (AIFM), depending on whether the CCF is to be authorised as a UCITS or an AIF.

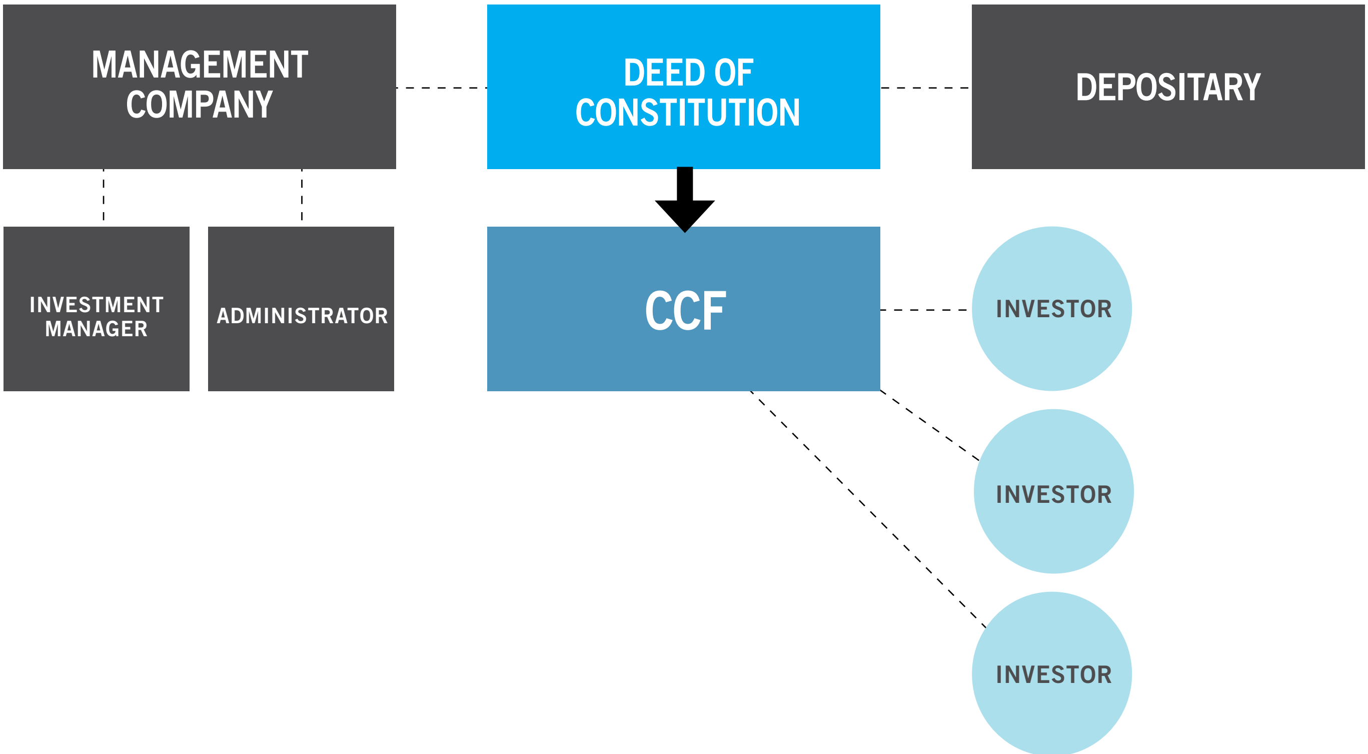
The board of directors of the management company will be responsible for the management of the CCF. The management company must appoint a depositary to hold the assets of the CCF and carry out a number of other regulatory responsibilities. The management company and the depositary are the parties to the deed of constitution establishing the CCF.

In addition, an administrator is required to carry out fund accounting and transfer agency services for the CCF. Other service providers, such as an investment manager or distributor, are also usually appointed.

The main offering document for a CCF is its prospectus, which describes the investment objective, policies, risk factors and other features of the CCF. As with any regulated Irish fund, the prospectus must meet the disclosure requirements of the Central Bank of Ireland.

CCFs must be authorised by the Central Bank of Ireland and the authorisation process differs depending on the type of authorisation sought. Details of the Irish UCITS and AIF regimes and a summary of the relevant regulatory requirements are described in our group briefings available here and here.

CCF OVERVIEW



KEY CONTACTS

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