

Central Bank Announces Enhancements to Irish Loan Originating Funds Regime

The Central Bank of Ireland (“**Central Bank**”) has announced that, with effect from **7 March 2018**, Irish authorised loan originating qualifying investor alternative investment funds (“**L-QIAIFs**”) will be permitted to engage in a broader range of activities to include investing in debt or credit instruments. This is a welcome enhancement to the Central Bank’s L-QIAIF regime, which facilitates managers operating in the direct lending sphere.

On 7 February 2018, the Central Bank published a notice of intention to amend the requirements applicable to L-QIAIFs set out in its AIF Rulebook. The amendments “*to permit lending within a broader credit focused strategy*” follow industry engagement with the Central Bank and build upon the enhancements introduced in January 2017, which permitted investment in debt or equity securities of entities or groups to which the L-QIAIF lends or which are held for treasury, cash management or hedging purposes.

While the Central Bank has not issued a formal consultation in relation to the announced changes, it has invited comments while the arrangements are being finalised. A revised AIF Rulebook will be published on 7 March 2018 to reflect the change.

Ireland was the first EU member state to introduce a specific regulatory framework for loan originating investment funds and we welcome the Central Bank’s willingness to keep the applicable requirements under review as investor demands and European regulation evolve. Matheson advised on the establishment of one of the first L-QIAIFs in Ireland.

For further information on Irish L-QIAIFs, please see our [briefing note](#). The Central Bank’s announcement of 7 February 2018 may be accessed [here](#).

Please get in touch with your usual Asset Management and Investment Funds Department contact or any of the contacts listed in this publication should you require further information in relation to the material referred to in this update.

Full details of the Asset Management and Investment Funds Department, together with further updates, articles and briefing notes written by members of the Asset Management and Investment Funds team, can be accessed at www.matheson.com.

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