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New IFIA Corporate Governance Code for Fund Services Providers

The Irish Funds Industry Association (“**IFI**A”) has recently issued a voluntary Corporate Governance Code for Fund Service Providers (the “**Code**”), which will sit alongside its 2012 Corporate Governance Code for Collective Investment Schemes and Management Companies.

Nature of the Code

Although the Code is a voluntary one, its adoption is not only recommended by the IFIA but, as set out in its foreword to the Code, encouraged by the Central Bank.

The Code proposes a “comply or explain” type approach whereby a Fund Service Provider subject to the Code would indicate either in its Annual Report (as part of its financial statements) or on a website whether it had adopted the Code and, if so, whether in full or in part, setting out any reasons for non-adoption or for its decision not to comply with certain parts of the Code.

A transitional period of 12 months for adoption of the Code is suggested by IFIA, with disclosure as to adoption/compliance appearing in Annual Reports/websites for years commencing on or about January 1, 2015.

To whom does the Code apply?

The Code states that it applies to administrators, custodians and depositaries authorised and regulated by the Central Bank of Ireland.

For further information on any of the issues discussed in this article please contact:



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Therefore, it would not appear to apply to an Irish branch of a custody or depositary bank whose head office is located in another EU Member State. Additionally, the Code does not apply to management companies (even those providing fund administration services investment schemes to collective investment schemes) - a separate IFIA Corporate Governance Code applies to management companies.

Main Provisions

The Code is quite similar to that for Collective Investment Schemes and Management Companies, with familiar requirements such as the requirement that the board be of sufficient size and expertise to adequately oversee the entity's operations; the board having the appropriate balance of skills, experience and knowledge to enable it discharge its duties; at least one director to be an independent non-executive director ("INED"); at least two directors to have Irish residency; at least two directors to be reasonably available to meet the Central Bank at short notice; board members must have sufficient time to devote to their role including and set out a time commitment; disclosure of concurrent directorships and requirement for there to be a Chairman (either an NED or an INED).

The Code contains broad statements as to the role and responsibilities of the Chairman; of the CEO; the role of the Board and the role of NEDs, INEDs and of the executive; as well as the need for reserved powers. It also has requirements regarding meetings – normally two meetings every 6 months – including attendance, agenda setting and reporting, minutes and conflicts and also contains provisions regarding committees of the Board, general requirements as to understanding risk, risk appetite and risk management.

For more detailed advices on the Code and its application to you, please feel free to contact me or your usual Dillon Eustace contact.

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