

Guide to
Listing
Investment
Funds on the
Irish Stock
Exchange

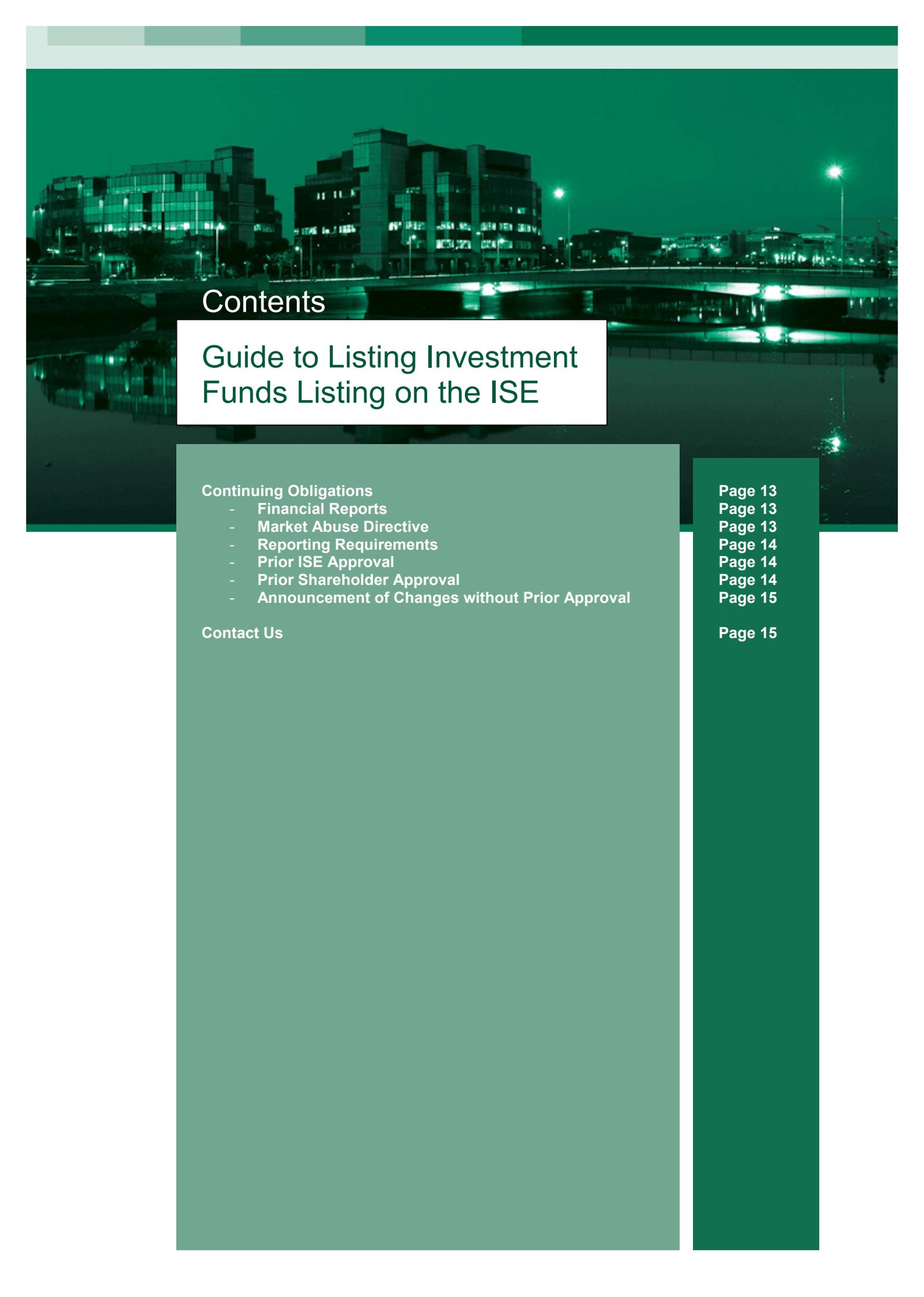
DILLON  EUSTACE

DUBLIN CAYMAN ISLANDS HONG KONG NEW YORK TOKYO

Contents

Guide to Listing Investment Funds on the ISE

Why List?	Page 3
Our Experience	Page 4
Listing Application Procedures	Page 5
- Drafting and approval of the listing particulars	
- Collation and filing of the 48 hour documents	
Conditions for Listing	Page 6
- Fund Domicile	Page 6
- Directors	Page 6
- Investment Manager	Page 6
- Depositary	Page 7
- Investment Restrictions	Page 7
- Feeder Funds	Page 7
- Dividend Policy	Page 8
- Transferability	Page 8
- Financial Information	Page 8
- NAV Calculation	Page 8
- Hedge Funds	Page 8
- Professional Investors	Page 8
- Super Sophisticated Investors	Page 9
- Prime Brokers/Approved Counterparties	Page 10
- Exchange Traded Funds	Page 10
- Property Funds	Page 10
- Borrowing/Leverage Restrictions	Page 10
- Auditor Requirements	Page 10
- Application Timing	Page 10
- Subject to EU Directives	Page 10
- OECD Membership	Page 10
International Recognition	Page 11
Irish Regulated Funds	Page 11
ISE Listing Fees	Page 12



Contents

Guide to Listing Investment Funds Listing on the ISE

Continuing Obligations

- Financial Reports
- Market Abuse Directive
- Reporting Requirements
- Prior ISE Approval
- Prior Shareholder Approval
- Announcement of Changes without Prior Approval

Page 13

Page 13

Page 13

Page 14

Page 14

Page 14

Page 15

Contact Us

Page 15

Why List?

A listing on the ISE offers a number of advantages:

- ▣ Increases a funds distribution capacity.

It allows promoters to market the fund:

- a) to institutional investors who may require a listing on a recognised stock exchange or EU regulated market in order to invest; and
- b) in countries where the relevant authorities require or provide exemptions for investment in listed securities.

For example:

- (i) an ISE listing reduces a fund's compliance load if its wants to be an eligible fund for French fund of fund purposes;
 - (ii) ISE listed open ended investment companies are eligible for inclusion in UK Self Invested Pensions Plans ("SIPPs");
 - (iii) Japanese tax rules provide more favorable tax treatment to Japanese individuals investing in listed investment funds;
 - (iv) the stocks or investment funds in which a Chinese Qualified Domestic Institutional Investor invest must be listed on a stock exchange such as the ISE or regulated by a financial regulator that has signed a Memorandum of Understanding with the China Securities Regulation Commission and China Banking Regulatory Commission.
- ▣ Transparency. All NAVs, financial reports and announcements made by listed funds are disseminated through the ISE data feed to information vendors.
 - ▣ Provides a "stamp of regulation" for funds which may be domiciled in unregulated jurisdictions. The level of scrutiny imposed by the ISE on an initial and ongoing basis provides the market with a significant level of transparency and investor protection.
 - ▣ A significant element of prestige and visibility, particularly as Ireland is a member of both the OECD and the EU;
 - ▣ Enables the security to be marked to market, i.e. to allow investors to refer to a quoted market price for their securities.

The ISE is the leading international exchange for the listing of investment funds. Its success is built on a specific investment funds listing regime tailored to a wide variety of international fund structures from all domiciles.

The specific advantages of listing on the ISE listing are:

- ▣ a comprehensive set of listing rules;
- ▣ a commitment to aggressive timings on processing listing applications;
- ▣ flexible and approachable;
- ▣ low cost; and
- ▣ highly transparent.

Our Experience

Dillon Eustace is one of Ireland's leading law firms focusing on financial services, banking and capital markets, corporate and M&A, litigation and dispute resolution, real estate, insurance and taxation. We have one of the largest financial services legal practices in Ireland serving clients across a range of activities including asset management, investment funds, derivatives, investment services, insurance and pensions, debt and funds listing, regulatory and compliance. We also have a full service funds team in Cayman and funds lawyers based in our New York and Hong Kong offices.

Our listing team is experienced in advising all types of fund structures and commits to a comprehensive and proactive approach. As the largest fund sponsor, representing in excess of 25% of new listing business in 2013, we have the opportunity to bring new products and structures to the ISE and develop requirements where necessary. We are one of only three sponsors represented on the ISE Investment Funds Listing Committee, the body charged with approving all listing policy and rule changes. We currently sponsor 170 funds and a further 370 subfunds.

The Listing Process

As Listing Sponsor, Dillon Eustace guides its clients through all stages of the listing application, from review of initial suitability, through assistance with document drafting, structuring advice, making the formal application, liaison with the ISE and coordination of the listing.

Drafting and Approval of the Listing Particulars

The ISE requires the preparation of a listing particulars document (“Listing Particulars”) which includes disclosures required under its listing rules. The Fund’s offering document normally serves as the basis for these Listing Particulars. The Listing Particulars can be drafted by your own advisers or Dillon Eustace.

Dillon Eustace will advise on the Fund’s suitability to list in the first instance, and more specifically will advise on specific issues and disclosures that will be required by the ISE. The Listing Particulars is then redrafted to reflect the requirements of the ISE.

Dillon Eustace will be responsible for making the relevant filings with the ISE. The ISE adheres to strict timelines of one week for initial review and two business days for subsequent reviews.

Following approval of the Listing Particulars by the ISE, a number of application forms and supporting documents are filed with the ISE. Following the completion of the listing application, the listing will become effective on the issuance of the relevant securities.

Responsibility

The Directors of the Fund, or Directors of the Manager, in the case of a unit trust, are the persons responsible for the content of the Listing Particulars, for compliance with the suitability requirements of the ISE and for meeting the ongoing suitability requirements set down by the ISE. A specific responsibility statement is included in the Listing Particulars, and Directors are required to execute a responsibility letter as part of the listing application.

Conditions for Listing

Fund Domicile	<ul style="list-style-type: none"> - No restriction on domicile. - Funds regulated in EU member states, Hong Kong, Jersey, Guernsey, the Isle of Man, Bermuda, Australia, Canada, Japan, Singapore or the US may be sold to retail investors. - Funds domiciled in other jurisdictions subject to a minimum subscription of US\$100,000.
Directors	<ul style="list-style-type: none"> - Each Director must take responsibility for the listing. - Minimum of two independent directors for non-Irish funds. - Directors must be non-executive.
Investment Manager	<ul style="list-style-type: none"> - An Investment Manager authorised under AIFMD will be automatically suitable. - Must have adequate and appropriate expertise and experience in the management of investments.
Depository	<ul style="list-style-type: none"> - A Depository authorised under AIFMD will be automatically suitable. - Must have suitable and relevant expertise and experience in the provision of custody services. Where Depository is a financial institution regulated in EU or subject to equivalent prudential regulation by a third country regulatory authority, this will be considered as prima facie compliance. - Depository must be a separate legal entity to the Investment Manager, Investment Adviser or entity with responsibility for NAV calculation. It is possible that these be affiliated entities. - Sub-custodians permitted, subject to Depository exercising due skill care and diligence in their selection and maintaining an appropriate level of ongoing supervision. - Hedge funds may hold certain derivative securities outside of the normal custody network. In such cases the Directors have additional responsibilities of oversight in relation to the manner in which such securities are held, valued and reconciled.
Investment Restrictions	<ul style="list-style-type: none"> - Maximum 20% in a single issuer, which may be increased to 100%

	<p>for EU/OECD government issuers.</p> <ul style="list-style-type: none"> - Maximum 20% exposed to a single counterparty, which may be increased to 100% for certain approved counterparties. - Prohibition on taking legal or management control of investee companies (with limited exceptions). - Maximum 40% in any other fund (except feeder funds). - Maximum 20% in aggregate in other funds of funds. - Underlying funds of feeder funds subject to the same limitations. - Most diversification requirements deemed complied with by Irish regulated funds. - Many investment restrictions are disapplied for Super Sophisticated Investor Funds.
Feeder Funds	<ul style="list-style-type: none"> - The underlying fund must also comply with many of the suitability, operational requirements, investment restrictions and reporting requirements referred to herein, as if that underlying fund were itself applying to list. - The listing fund must enter a written control agreement with the underlying fund, which must undertake to comply with the listing requirements for so long as the fund is listed. - Ongoing reporting to ISE for listed fund and underlying fund.
Dividend Policy	<ul style="list-style-type: none"> - Dividends must be paid in line with the funds adopted accounting standards.
Transferability	<ul style="list-style-type: none"> - Shares/units must be freely transferable. - Restrictions on transfer only permitted in the best interests of the fund or its shareholders.
Financial Information	<ul style="list-style-type: none"> - Newly incorporated funds – a statement that the fund has not commenced to trade. - Funds trading where no audited statements are yet available – unaudited portfolio and per share information as at a date within one month of the document date. - Funds trading after publication of audited financial statements – the most recent audited accounts and unaudited portfolio and per share information as at a date within one month of the document date.

<p>NAV Calculation</p>	<ul style="list-style-type: none"> - At least annually. - NAV must be reported without delay to ISE upon calculation. - Responsible entity must be separate to Depository or any sub-custodian.
<p>Hedge Funds</p>	<p>Permitted subject to investors being “Professional Investors” or “Super Sophisticated Investors” and prime brokers/counterparties meeting specified suitability criteria.</p>
<p>Professional Investors</p>	<p>Minimum subscription \$100,000.</p> <p>Investor warrants:</p> <ul style="list-style-type: none"> (a) its ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent; or (b) in the case of a natural person, their individual net worth, or joint net worth with their spouse, exceeds \$1 million; or (c) it is an institution with a minimum amount of assets under discretionary management of \$5 million; and that they <ul style="list-style-type: none"> (i) have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the fund; (ii) are aware of the risks inherent in investing in the securities and the method by which the assets of the fund are held and/or traded; and (iii) can bear the risk of loss of their entire investment.
<p>Super Sophisticated Investor Funds</p>	<p>Minimum Subscription \$250,000</p> <p>Many of the conditions for listing, prescriptive investment restrictions and the prohibition on passivity <u>are disappled</u> for Super Sophisticated Investor Funds, which allows for greater flexibility to list innovative and more sophisticated products.</p> <p><u>SSF Conditions:</u></p> <p>Investment Manager is registered/regulated in EEA; Australia, Canada, Hong Kong, Japan, Singapore, Switzerland, US.</p>

	<p>Investor warrants:</p> <p>(a) at the time of making the investment that:</p> <ul style="list-style-type: none"> (i) its ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or (ii) in the case of a natural person, their individual net worth, or joint net worth with that person's spouse, exceeds US\$2.5 million; or (iii) it is an institution with a minimum amount of assets under discretionary management of US\$5 million; and <p>(b) that they:</p> <ul style="list-style-type: none"> (i) have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the fund; (ii) are aware of the risks inherent in investing in the securities and the method by which the assets of the fund are held/or traded, and (iii) can bear the risk of loss of their entire investment.
<p>Prime Broker/Approved Counterparties</p>	<ul style="list-style-type: none"> - A prime broker, or significant counterparty, must meet a financial resources requirement and must itself be regulated as a broker by a recognised public authority. - Financial resources of \$200 million or has all of its obligations to the fund irrevocably and unconditionally guaranteed by, or is an unlimited liability subsidiary of, an entity that has \$200 million in financial resources - Recognised public authority means a public authority that is charged with the prudential regulation and ongoing supervision of financial services in an EU member state, Australia, Canada, Hong Kong, Japan, Singapore, Switzerland, US, and any other jurisdiction specified by the ISE
<p>Exchange Traded Funds</p>	<ul style="list-style-type: none"> - ETFs are listed under standard fund requirements and are subject to the conditions for listing and reporting requirements as set out herein. - No secondary trading market on the ISE however a listing on the ISE allows an ETF a <u>streamlined process of passporting to trading on the London Stock Exchange</u>. This offers significant cost and timing efficiencies in accessing the UK market.

	<ul style="list-style-type: none"> – Active and passive ETF strategies are acceptable. – Active ETFs must disclose portfolio and iNAV 										
Property Funds	<ul style="list-style-type: none"> – Additional requirements for risk spreading – Qualified Independent Valuer and annual independent valuation – Legal and management control restriction disappplied – Investment Manager and Board must have relevant property experience and expertise. 										
Borrowing/Leverage Restrictions	None – disclosure based.										
Auditor Requirements	Must be internationally reputable qualified firm.										
Application Timing	Three to four weeks.										
Subject to EU listing, market abuse and tax harmonisation directives	Yes										
OECD Membership	Yes										
International Recognition	<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">US:</td> <td>Designated offshore securities market.</td> </tr> <tr> <td>UK:</td> <td>Designated investment exchange.</td> </tr> <tr> <td>Japan:</td> <td>Designated offshore exchange.</td> </tr> <tr> <td>Taiwan:</td> <td>Recognised exchange.</td> </tr> <tr> <td>China:</td> <td>Qualifies for QDII investment.</td> </tr> </table>	US:	Designated offshore securities market.	UK:	Designated investment exchange.	Japan:	Designated offshore exchange.	Taiwan:	Recognised exchange.	China:	Qualifies for QDII investment.
US:	Designated offshore securities market.										
UK:	Designated investment exchange.										
Japan:	Designated offshore exchange.										
Taiwan:	Recognised exchange.										
China:	Qualifies for QDII investment.										

Irish Regulated Funds

There are many common policy approaches between the ISE and Central Bank, therefore the process for listing Irish regulated funds is streamlined and the listing costs have been minimized.

Irish Stock Exchange Listing Fees

The ISE listing fees are as follows:

OPEN ENDED FUNDS			
		EU Funds	Non-EU Funds
Application Fee		€2,000	€2,180
Administration Fee		€300	€300
Formal Notice Fee**		€550	€550
Annual Fee*	<u>Single Fund</u>	€2,000	€2,180
	<u>Umbrella</u>		
	Subfunds 1-5	€2,000	€2,180
	Subfunds 6-10	€1,210	€1,320
	Subfunds 11+	€800	€880

*annual fee is payable on listing and on each anniversary thereof

** plus VAT of 23% (where applicable)

Continuing Obligations

The ISE listing rules and various EU Directives impose a substantial number of ongoing reporting obligations on listed funds. The obligations are imposed in order to maintain an orderly and transparent market in the shares of listed funds, to ensure the ongoing suitability of the funds for listing, to protect shareholders interests and to ensure that all relevant information is disseminated without delay. A listed fund must ensure equality of treatment for all shareholders in the same position.

The Directors are responsible for ongoing compliance with these obligations. Please see our separate memorandum on the continuing obligation requirements of the ISE.

Annual Reports

The audited annual report must be filed with the ISE and sent to shareholders within six months of the financial year end. For Irish regulated funds, a shorter reporting timeline of four months applies.

Market Abuse Directive

The Market Abuse Directive requires that:

- ▣ Interested Persons (Directors, persons closely associated with them, persons with managerial responsibility) are precluded from dealing at a time when they are in possession of inside information;
- ▣ Interested Persons ensure that any inside information is made public without delay;
- ▣ The fund adopts by board resolution, rules governing inside dealings and market manipulation;
- ▣ Any transactions by Interested Persons are promptly reported to the ISE within specified time limits; and
- ▣ Lists of any persons who may have access to inside information either at the fund or at any of its service providers are maintained.

Please see our separate detailed client memorandum on Market Abuse Requirements.

Reporting Requirements

Any material changes to the operations of a listed fund or circulars to shareholders will require announcement, and in some cases, may also require prior ISE or shareholder approval.

Prior ISE Approval

Prior ISE approval is required for the following proposed changes:

- ▣ a variation in class rights;
- ▣ a change in the general character or nature of the fund;
- ▣ a material change in the investment objective, policy or strategy of the fund within three years of commencement to trade;
- ▣ a proposal to terminate, renew or extend the life of the fund;
- ▣ a change in the minimum subscription to below USD100,000 for an unregulated fund;
- ▣ a change in the Investment Manager, Depositary, Administrator or Prime Broker (non-Irish funds);
- ▣ a related party transaction;
- ▣ a reverse take-over or other substantial transaction;
- ▣ a material amendment to the constitutive documents; or
- ▣ a change from open or closed status (except where provided for in the listing particulars).

Prior Shareholder Approval

Prior shareholder and ISE approval is required for any circular relating to:

- ▣ a material change in the investment objective, policy or strategy within three years of commencement to trade;
- ▣ a reverse transaction;
- ▣ a related party transaction;
- ▣ a change from open to closed ended status (except where provided for in the listing particulars);
- ▣ a change which is relevant to the continuation of the listing, or may materially affect the interests of shareholders;
- ▣ a proposal to issue units at less than net asset value (except where such offer is first made on a pro-rata basis to shareholders);

- ▣ a proposed change in status of the Fund to an SSF or action that may lead to a substantial change in the nature or substance of the Fund; or
- ▣ a proposal to delist the fund in certain circumstances.

Circulars must be circulated to shareholders at least 10 business days (or such shorter period as is permissible under the constitutive documents) in advance of the voting date. The results of any shareholder vote must also be announced without delay.

Announcement of Changes Without Prior Approval

The following announcements may be made by a fund without prior approval:

- ▣ the net asset value per unit upon calculation and any change in the frequency of its calculation;
- ▣ changes in share capital or proposed changes in capital structure;
- ▣ details of any shareholding by the Directors, persons closely associated with them or the investment manager;
- ▣ the identity of any shareholder able to control 30% or more of the voting rights;
- ▣ a change or proposed change in investment, borrowing or leverage restrictions;
- ▣ any material change in the tax status of the fund;
- ▣ any suspension of dealings, redemptions, transfers or valuations;
- ▣ any change in the Registrar or Transfer Agent or Sponsor;
- ▣ any change in directors or material change in any directors function;
- ▣ any change in dividend or valuation policy;
- ▣ any dividend paid, including details of the record date, the period covered, the payment date and the amount of the dividend;
- ▣ notice of any AGM or EGM;
- ▣ any change in the financial year end;
- ▣ any material change to the fees paid by the fund, or material change in its material contracts;
- ▣ any correction of a material NAV misstatement;
- ▣ any change in the name of a fund, subfund or class;
- ▣ any issuance and listing, or cancellation and delisting of series within a listed class;
- ▣ any proposal to delist the fund, subfund, class or series; or
- ▣ any circular including a matter on which shareholders are required to vote.

CONTACT US

Our Offices

Dublin

33 Sir John Rogerson's Quay,
Dublin 2,
Ireland.
Tel: +353 1 667 0022
Fax: +353 1 667 0042

Cayman Islands

Landmark Square,
West Bay Road, PO Box 775,
Grand Cayman KY1-9006,
Cayman Islands
Tel: +1 345 949 0022
Fax: +1 345 945 0042

Hong Kong

604, 6/F, Printing House,
6 Duddell Street,
Central,
Hong Kong
Tel: + 852 352 10352

New York

245 Park Avenue
39th Floor
New York, NY 10167
United States
Tel: +1 212 792 4166
Fax: +1 212 792 4167

Tokyo

12th Floor,
Yurakucho Itocia Building
2-7-1 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan
Tel: +813 6860 4885
Fax: +813 6860 4501

For more details on how we can help you, to request copies of most recent newsletters, briefings or articles, or simply to be included on our mailing list going forward, please contact any of the team members below.

Tara O'Callaghan

E-mail:

tara.ocallaghan@dilloneustace.ie

Tel : +353 1 667 0022

Fax: + 353 1 667 0042

Brian Kelliher

E-mail: *brian.kelliher@dilloneustace.ie*

Tel : +353 1 6731721

Fax: + 353 1 667 0042

Brian Higgins

E-mail: *brian.higgins@dilloneustace.ie*

Tel : +353 1 673 1891

Fax: + 353 1 667 0042

Fionnan Gannon

E-mail:

fionnan.gannon@dilloneustace.ie

Tel : +353 1 673 1867

Fax: + 353 1 667 0042

DISCLAIMER:

This document is for information purposes only and does not purport to represent legal advice. If you have any queries or would like further information relating to any of the above matters, please refer to the contacts above or your usual contact in Dillon Eustace.

e-mail: enquiries@dilloneustace.ie

website: www.dilloneustace.ie

Copyright Notice:

© 2014 Dillon Eustace. All rights reserved.

DILLON  EUSTACE

DUBLIN CAYMAN ISLANDS HONGKONG NEWYORK TOKYO