

Asset Management & Investment Funds Update

December 2022



Central Bank Fines UCITS Manager for Breaches of UCITS Regulations

On 14 November 2022, the Central Bank published notice of a €117,600 fine issued to an Irish UCITS management company for breaches of six UCITS regulations during a period between 2011 and 2018. The breaches related to ineffective investor disclosures in offering documents for five sub-funds under management.

During the investigation preceding the fine, the Central Bank identified prospectus and key investor information document (KIID) disclosures of the relevant funds' index strategies as inadequate for a proper consideration of an investment in the funds.

When publishing the fine, the Central Bank noted that:

“Transparency around the investment policy or strategy of a fund is a critical element in investor protection. Fund management companies ... are responsible for ensuring prospectuses and key investor information documents issued in respect of funds they manage contain information necessary for investors to be able to make informed decisions regarding the investments proposed to them.

The requirements for accurate prospectuses and key investor information documents are an essential part of the UCITS regulatory framework. One of the key features of any sound regulatory system is ensuring that firms and their products meet the appropriate standards in order to enter the financial services industry in the first instance.

Effective gatekeeping by the Central Bank relies on accurate and complete information being submitted by firms seeking fund authorisation, as part of the assessment of their applications and in ongoing supervision. Compliance with the regulatory requirements placed on fund management companies is key to ensuring good governance, the protection of investors, the integrity of the market and systemic stability.”

Next steps

This Central Bank fine is a useful reminder for fund managers of the importance of adequate disclosures in fund documents and of the supervisory focus on holding managers to account where disclosures are deemed ineffective for a proper understanding of a fund's investment strategy.

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