

PANORAMIC

CREDIT FUNDS

Ireland



LEXOLOGY

Credit Funds

Contributing Editor

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Ireland



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MARKET AND POLICY CLIMATE

Market snapshot

How would you generally describe the state of the market for private credit funds in your jurisdiction?

Ireland remains a leading jurisdiction for private credit funds in Europe, supported by a robust regulatory framework, sophisticated financial services ecosystem, and its strategic position as a gateway to the EU market post-Brexit. As a global leader in special purpose vehicles (SPVs) and securitisation, Irish SPVs held €1.147 trillion in assets as of Q4 2024 (Statistical Release: Special Purpose Entities Statistics Q4 2024, Central Bank of Ireland).

Direct lending dominates private debt strategies, projected to grow from 46 to 52 per cent of the global private debt market between 2024 and 2028 (Private Credit Funds: Into the Mainstream).

AIFMD II, effective in April 2026, has harmonised loan-originating fund rules, easing restrictions for Irish loan-originating qualified investor alternative investment funds (L-QIAIFs) and aligning with lighter EU standards. The ELTIF 2.0 framework enhances opportunities for retail-accessible private credit funds, positioning Ireland as a competitive hub alongside Luxembourg. The Central Bank of Ireland's (the CBI) 24-hour approval process for certain funds ensures regulatory certainty and speed-to-market.

Private credit funds in Ireland are typically established as QIAIFs, which, if originating loans, must comply with the Central Bank's loan origination rules. Alternatively, funds can be structured as European Long-Term Investment Funds (ELTIFs), which adhere to EU ELTIF regulations rather than Central Bank's loan origination requirements. Unregulated credit funds may be established as limited partnerships under the Limited Partnerships Act 1907 (1907 LP). Additionally, many credit managers leverage Irish section 110 SPVs, which, while not alternative investment funds, serve as effective debt issuance vehicles for credit strategies.

AIFMD II's pan-European loan origination passport will eliminate cross-border lending barriers, enabling Irish-domiciled funds to lend directly across EU member states. Provisions for open-ended funds to engage in direct lending, with appropriate liquidity management tools, expand available fund structures. These changes strengthen Ireland's position against Luxembourg's SICAV structure.

Demand for non-bank financing is strong, particularly for SMEs, commercial real estate and green infrastructure, driven by constraints on traditional banks from high interest rates and Basel III regulations. However, regulatory scrutiny has increased due to concerns over leverage, valuation opacity and systemic risks, as noted by the International Monetary Fund in late 2024.

Ireland's private credit market is poised for continued growth in 2025, supported by regulatory advancements, an experienced workforce and rising investor interest.

Law stated - 30 July 2025

Government and regulatory policy

How would you describe the general government and regulatory policy towards credit funds in your jurisdiction?

In terms of government policy, Ireland has positioned itself well as a hub for the funds industry in Europe by offering a favourable tax environment and a strong legal framework. The Irish government has been proactive in updating legislation to facilitate the growth of the funds industry, including the introduction of the Investment Limited Partnership (Amendment) Act 2020 to update and enhance the attractiveness of Ireland's partnership structure for global investors.

On 7 March 2025, the CBI published the 50th edition of its AIFMD Questions and Answers (Q&A), which provides important clarifications on the application of the prohibition on AIFs acting as guarantors for third parties under the CBI's AIF Rulebook. It also includes guidance on the application of certain existing rules to loan originating AIFsg. The CBI has issued these clarifications on an interim basis pending a proposed consultation this year on a wider review of the AIF Rulebook, which will include consulting on the non-applicability of the L-QIAIF rules and the implementation of the pan-European loan-origination requirements. Such consultation is also intended to address the recommendation in the Irish overnment's Fund Sector 2030 [Final Report](#), published in October 2024, that to support further growth of private assets, the CBI should review its AIF Rulebook and associated requirements that impact on the establishment of private asset funds in Ireland.

The Q&A confirmed that Irish QIAIFs may act as guarantors for investments or intermediate vehicles in which they have a direct or indirect economic interest, provided certain safeguards are met. These include ensuring the guarantee is ancillary to the QIAIF's predominant investment strategy, is in the best interests of investors, and is disclosed in the prospectus along with any associated risks. The liability of investors under such arrangements must also be limited to the amount unpaid on their shares or interests.

The CBI also clarified that loan-originating QIAIFs may provide loans to borrowers intending to acquire a controlling interest in a company, provided the loan is not used to facilitate speculative or trading investment strategies. Furthermore, the definition of 'financial institutions' for the purposes of the prohibition on lending to such entities has been aligned with the AIFMD II loan origination rules. This includes entities such as credit institutions, insurance undertakings, investment firms, and mixed financial holding companies as defined under relevant EU directives.

There are currently no additional rules with regard to loan-originating funds authorised as ELTIFs in Ireland other than those set out in the ELTIF regulation. However, the AIFMD II framework introduces provisions allowing direct lending through open-ended funds, subject to appropriate liquidity management tools, which could further expand the range of fund structures available to private credit managers.

Given the more flexible AIFMD II loan origination rules and the CBI's updated guidance, private credit managers considering establishing a new European direct lending fund should carefully evaluate all variables when choosing their fund domicile. Each new loan-originating fund established now, regardless of its EU domicile, will be subject to the new AIFMD II harmonised rules during its life cycle. The loan origination fund regime has been in existence in Ireland since 2014, and the CBI could reasonably be considered one of the more experienced regulators in this area, further enhancing Ireland's appeal as a jurisdiction for private credit funds.

FORMATION AND MANAGEMENT**Forms of vehicle**

What legal form of vehicle is typically used for credit funds formed in your jurisdiction? Does such a vehicle have a separate legal personality or existence under the law of your jurisdiction? Is it possible to create umbrella structures that permit the creation of sub-funds? What are the legal consequences for investors, managers and investment advisers in respect of each of these structures?

The most commonly used legal forms for credit funds in Ireland are the Irish Collective Asset-Management Vehicle (ICAV), a variable capital company, a unit trust, a common contractual fund, or an investment limited partnership.

Under the enhanced ELTIF 2.0 framework, ELTIFs may now be structured as open-ended funds with limited liquidity, subject to compliance with the regulatory technical standards (RTS) published in October 2024. These RTS set out detailed requirements for redemption policies, liquidity management tools and the circumstances under which transfer requests can be matched between exiting and new investors. ELTIFs must have an appropriate redemption policy compatible with their long-term investment strategy, and redemptions may only be granted after a minimum holding period. The RTS also specify the maximum percentage of liquid assets that can be used for redemptions, calibrated based on factors such as redemption frequency and notice periods.

All QIAIFs and ELTIFs, regardless of their legal form, may be structured as an umbrella fund, ie, a structure with more than one sub-fund or portfolio, with segregated liability between the sub-funds. This means that, on a legislative basis, assets and liabilities are ring-fenced to a particular sub-fund such that there is no cross-contamination or "dipping" into the assets of a particular sub-fund to discharge the liabilities of another. It is also possible to establish both loan origination and non-loan origination sub-funds within the same umbrella fund, including ELTIF and non-ELTIF sub-funds.

AIFMD II, set to take effect in April 2026, introduces provisions allowing direct lending through open-ended funds, provided appropriate liquidity management tools are in place. This change is expected to expand the range of fund structures available to private credit managers. The CBI has recently clarified certain rules applicable to loan-originating QIAIFs. For example, the prohibition on lending to 'financial institutions' has been aligned with the AIFMD II loan origination rules, which define financial institutions to include entities such as credit institutions, insurance undertakings, investment firms, and mixed financial holding companies under relevant EU directives. Additionally, the CBI has confirmed that loan-originating QIAIFs may provide loans to borrowers intending to acquire a controlling interest in a company, provided the loan is not used to facilitate speculative or trading investment strategies.

Investors in a QIAIF are required to be qualifying investors (broadly professional investors and certain high-net-worth individuals). ELTIFs, on the other hand, may be marketed to retail investors under the ELTIF marketing passport, subject to compliance with the relevant regulatory requirements. The publication of the RTS has clarified the requirements for

open-ended ELTIFs, and the CBI has updated its application forms to process applications for such funds.

Law stated - 30 July 2025

Unregulated fund vehicles

Can the fund vehicle be unregulated? If so, does this affect the ability to originate loans or otherwise execute its investment strategy?

The CBI authorises QIAIFs, which must comply with the regulatory framework set out by the CBI, including additional rules relating to loan origination, if relevant. Similarly, ELTIFs must apply for authorisation from the CBI and comply with the requirements of the ELTIF Regulation, as amended by ELTIF 2.0. The recent publication of the ELTIF RTS in October 2024 has clarified the requirements for open-ended ELTIFs, including redemption policies and liquidity management tools, further enhancing the flexibility of these vehicles. There are two main unregulated investment vehicles in Ireland that are commonly used by credit managers – the 1907 Limited Partnership (1907 LP) and the section 110 companies usually set up as designated activity companies (section 110s).

1907 LPs

The CBI's approval is not required to form and operate a 1907 LP as a fund. A key attraction of the 1907 LP is that it is not required to be authorised by the CBI, although the appointment of an AIFM is required if the 1907 LP qualifies as an AIF. To be an EEA AIF capable of being marketed throughout the EEA the 1907 LP will be required to appoint an EEA AIFM and a depositary and issue an Art. 42 AIFMD compliant offering document.

The 1907 LP has many features similar to other limited partnership structures utilised for investment funds globally. For example, a 1907 LP does not have legal personality and must act through its general partner (GP), which may be an individual or a company. While the GP is liable for all the partnership's debts and obligations, the liability of investors is limited to their unpaid capital commitments. This limited liability is subject to the investor taking no part in the management of the business of the 1907 LP. A number of 'safe harbour' actions exist that investors can take without being considered to be participating in the management of the business. The 1907 LP has some additional rules that credit managers should consider. Each 1907 LP is limited to having no more than 50 limited partners where it is for the provision of investment and loan finance and ancillary facilities structures and 20 for other purposes (a second, parallel, 1907 LP could be established if there is a higher number of LPs). It is registered with the Irish Companies Registration Office (CRO) and the names of all partners must be filed with the CRO, resulting in technical availability to the public (for a fee). The 1907 LP must file accounts with the CRO like other corporate entities, per the European Communities (Accounts) Regulations 1993. The 1907 LP cannot be an umbrella/compartimented fund structure, but can be established in a series utilising the same base offering documents and contractual provisions with service providers.

The 1907 LPs are primarily used as the investor facing partnership with investment vehicles being set up in other jurisdictions for the loan origination. For loan origination in North American an investment subsidiary based in the Cayman Islands or Delaware are primarily

used and whereas for European origination a section 110 SPV in Ireland or a similar SPV in the relevant European jurisdiction are used.

The Irish government has proposed significant amendments to the Limited Partnerships Act 1907 through the General Scheme of the Registration of Limited Partnerships and Business Names Bill 2024. This new legislation aims to modernise the 1907 Act, enhance transparency, and align Ireland's limited partnership framework with international standards. Key proposals include a requirement for limited partnerships to maintain an ongoing connection with Ireland via a registered office or principal place of business, the need for at least one EEA-resident general partner, annual confirmation statements, and the establishment of a beneficial ownership register for non-EEA partners. These changes are intended to ensure the integrity of the register, strengthen enforcement, and maintain Ireland's competitiveness as a legitimate and well-regulated jurisdiction for investment vehicles.

Section 110s

Section 110s are a popular vehicle for private credit funds in Ireland due to their tax efficiency and flexibility. They are commonly used for:

- loan origination: facilitating the origination and holding of loan portfolios;
- non-performing loan acquisitions: structuring the acquisition and management of distressed debt;
- collateralised loan obligations (CLOs): acting as the issuer for CLO transactions, repackaging and selling loan portfolios; and
- structured corporate and leveraged finance: providing a platform for various structured finance transactions involving debt.

While Section 110s are not regulated funds themselves (unlike QIAIFs, ELTIFs etc), they often form part of broader fund structures (eg, in European loan origination the Section 110 is used as the investment subsidiary of the investor facing fund).

Unregulated fund vehicles, such as 1907 LPs and Section 110s, may be used to execute a variety of investment strategies, including private credit strategies. Increasingly the 1907 LP and Section 110s are being used as aggregating or intermediary investment vehicles in global private credit fund structures. However, the absence of formal regulation means that such vehicles may not benefit from the same level of investor protections or regulatory oversight as regulated funds like QIAIFs or ELTIFs. Managers considering the use of unregulated vehicles should carefully assess the implications for their investment strategy, particularly in light of the evolving regulatory landscape.

Law stated - 30 July 2025

Formation process

**What is the process for forming a credit fund vehicle in your jurisdiction?
Are there any practical impediments to speed to market, such as account opening or banking and regulatory permissions?**

The formation process depends on the type of credit fund. Forming a private credit fund in Ireland involves several steps and, including service provider onboarding, typically takes around four to six months, depending on the complexity of the fund structure and the speed of response from interested parties and regulatory authorities alike.

- **Corporate and regulatory filings:** A regulated credit fund can be set up as an ICAV, ILP, CCF, VCC or unit trust. The chosen structure must be registered with the relevant competent authority (either the Central Bank or the Companies Registration Office in the case of a VCC) in Ireland. A regulated fund must also apply for authorisation from the Central Bank. The authorisation process involves submitting a number of documents, including offering documents and material agreements. (QIAIFs must have a minimum initial subscription of €100,000 (or its equivalent in another currency) or greater and can be marketed solely to 'Qualifying Investors'. Owing to their professional/sophisticated nature, QIAIFs and Professional Investor ELTIFs (with a minimum initial subscription of €100,000) benefit from a Central Bank 24 hour approved process.
- **Tax filings:** The fund must register for tax purposes with the Irish Revenue Commissioners. QIAIFs and ELTIFs are generally exempt from Irish tax on income and gains, and are not subject to withholding tax on distributions, but they may have tax liabilities in other jurisdictions depending on their investment activities.
- **Service providers:** The fund will need to engage a range of service providers, including an AIFM, a depositary, a fund administrator, a legal adviser and an auditor. All of these service providers must already be approved by the Central Bank if the fund is a QIAIF or ELTIF.
- **Practical impediments:** In respect of a regulated fund, the preparation time for the application for Central Bank authorisation, and in respect of certain ELTIFs, the time taken by the Central Bank to review the application for approval are the two biggest potential timing considerations in the formation process for a regulated credit fund. Other potential delays can arise from the due diligence processes of service providers but this is no different than for any fund.

For unregulated funds using the 1907 LP certain incorporation and formation documents must be filed with the CRO. Firstly, unless an existing GP is being used, the necessary filings are made with the CRO to incorporate the GP. The CRO typically takes five to 10 business days to issue a certificate of incorporation. Once the GP is incorporated the 1907 LP can be formed and the necessary formation registration application is made with the CRO. The CRO typically takes 10-12 business days to issue a certificate of registration of limited partnership. Similar to the ILP and other limited partnership structures the 1907 LP will be treated as being tax transparent. Negotiations and onboarding with service providers will be similar to regulated fund structures. Once the GP has given board approval for the launch of the 1907 LP, approved the service provider agreements and any offering documents the 1907 LP will be ready to admit limited partners. While there is no formal CBI authorisation required for the 1907 LP, to be able to market throughout the EU the AIFM will be required to file a marketing passporting application. Once this marketing application is filed the CBI has 30 days or 20 business days to make the marketing passporting transmissions to the relevant home state regulators in the EU member states where the 1907 LP fund will be marketed.

A Section 110 can be incorporated with the CRO with 5-10 business days. If required the Section 110 can be incorporated as an orphan entity to create a bankruptcy remote

entity, otherwise it can be a wholly owned investment subsidiary of the relevant main fund. Negotiations and onboarding with service providers usually takes the same time as it would for a fund. To qualify as a Section 110 company, the SPV must primarily acquire, hold, or manage a minimum of €10 million in 'qualifying assets' (including diverse financial instruments, commodities, and leased assets) through arm's-length transactions, and avoid non-ancillary activities. Once the first transactions are completed the SPV is required to make a Section 110 election notification filing with the Irish Revenue Commissioners within eight weeks. The Section 110 is also required to file separately with the Revenue Commissioners to obtain tax registration and VAT numbers. In addition, Irish-resident Section 110s are obliged to register and report quarterly data to the Central Bank under Section 18 of the Central Bank Act 1971. These requirements do not apply to Section 110s already reporting to the CBI as financial vehicle corporations. The CBI use the data reported for statistical publications on the size of the Irish special purpose vehicle industry.

Law stated - 30 July 2025

Substance requirements

Is a credit fund vehicle formed in your jurisdiction required to maintain locally a custodian or administrator, a registered office, books and records, a corporate secretary, employees, professional anti-money laundering (AML) officers or other substance? If so, how is that requirement typically satisfied?

Yes, a regulated fund is required to maintain certain local service providers:

- Custodian/depositary: A depositary that is responsible for the safekeeping of assets, oversight of the fund's operations and ensuring compliance with regulatory requirements must be appointed.
- Administrator: A fund administrator that is responsible for various administrative functions including NAV calculation, fund accounting and shareholder services must be appointed.
- Registered Office: The fund (or relevant legal entity) must have a registered office in Ireland and appoint a secretary. This is typically the address of the fund's legal adviser or corporate secretary.
- Books and Records: The fund must maintain its books and records in Ireland. These are typically maintained by the fund administrator.
- Secretary: The secretary is responsible for ensuring compliance with corporate governance requirements and is usually provided by the fund's legal adviser.
- Employees: There is no requirement for the fund itself to have employees in Ireland.
- MRLO: A money laundering reporting officer must be appointed.

In summary, these requirements are typically satisfied through a combination of appointing local service providers and ensuring that the fund's management company has sufficient personnel and procedures in place to meet its regulatory obligations.

In respect of an unregulated fund, there are additional requirements applicable in addition to the AIFMD requirement to appoint an EEA AIFM and a depositary.

Law stated - 30 July 2025

Access to information

What access to information about a private credit fund formed in your jurisdiction is the public granted by law? How is it accessed? If applicable, what are the consequences of failing to make such information available? What information (in addition to that available to the general public) are shareholders and limited partners able to see? Is it possible to reduce access rights as a matter of contract?

Private credit funds in Ireland, like other investment funds, are subject to certain transparency and disclosure requirements. However, the level of information that is publicly accessible is limited.

- Public access: The general public does not have access to detailed information about a regulated fund's investors or their capital commitments. The constitutional documents for an ICAV and VCC are publicly accessible, but these documents do not typically include information about individual investors. The fund is also required to prepare annual financial statements, which are filed with the Central Bank or the CRO but which are not publicly accessible.
- Shareholders and limited partners: AIFMD includes requirements for the provision of certain information to investors. The exact scope of these rights will be set out in the fund's constitutional documents and offering materials. Generally Irish funds are required to produce annual audited accounts and for those accounts to be provided to investors within six months of the relevant financial period.
- Reducing access rights: It is generally not possible to reduce investors' statutory rights to information. However, the fund's constitutional documents can specify the timing and format of information provision and may include confidentiality provisions to protect sensitive information.
- 1907 LPs must make initial and ongoing filings with the CRO, detailing partnership and partner information, including the capital contributions of the partners. These filings are available for inspection by the public for a fee via the CRO's website. Ongoing filing requirements are primarily triggered by changes to the particulars of the partnership and partners, and critically, if the general partner is a limited company, the LP must file annual accounts with the CRO, which are available to the public.

Section 110s set up as designated activity companies or limited companies are required to make initial and ongoing filings regarding the details of the company and its shareholders. If the Section 110 is incorporated in Ireland it will be required to file annual accounts with the CRO, which are available to the public for a fee via the CRO's website.

Law stated - 30 July 2025

Investor liability

In what circumstances would the limited liability of investors in a credit fund formed in your jurisdiction not be respected as a matter of local law? Is there a list of actions in which investors can participate without losing their limited liability?

Liability of investors in an Irish Fund is typically limited to the amount they have invested or committed to the fund.

In common with limited partnerships globally, certain actions by limited partners in an ILP or 1907 LP could potentially cause investors to be treated as a general partner at the relevant fund. Both the ILP Act and 1907 LP Act contain safe harbour provisions to provide certainty and guidance as to what actions an investor may take.

A limited partner in an 1907 LP can lose their limited liability if CRO filings are not current and accurate. Failure to properly register or update partnership details means the entity may be deemed a general partnership, making all partners (including the intended limited partners) subject to unlimited liability. Therefore, strict compliance is crucial to maintain limited liability protection.

Law stated - 30 July 2025

Fund manager's fiduciary duties

What are the fiduciary duties owed to a credit fund formed in your jurisdiction and its third-party investors by that fund's manager, investment adviser or other similar control party or fiduciary? To what extent can those fiduciary duties be modified by agreement of the parties?

AIFMs owes a number of fiduciary duties to the fund and its investors. These duties are derived from both the contractual arrangement between the parties and AIFMD.

AIFMs must operate under certain conduct of business conditions. These include acting honestly, diligently, and fairly, prioritising the best interests of the funds which it manages and their investors and maintaining the market's integrity. They must also have the necessary resources and procedures for their business activities, avoid conflicts of interest and comply with all relevant regulatory requirements.

Law stated - 30 July 2025

Gross negligence

Does your jurisdiction recognise a 'gross negligence' (as opposed to 'simple negligence') standard of liability applicable to the management of a credit fund? If so, how does this standard differ from a simple negligence standard?

The concept of gross negligence is not explicitly recognised in Ireland. Simple negligence is market standard for regulated funds.

In general tort law, simple negligence, which involves a failure to exercise reasonable care, is the standard. In commercial contracts, where parties may include clauses limiting liability for gross negligence, the courts will interpret the term based on the specific contract language and the context of its use. The difference between simple negligence and gross negligence is often seen as a matter of degree rather than a fundamental difference in kind. In general tort law, the standard is based on whether a party failed to exercise the reasonable care, skill, and diligence that a reasonably prudent person would have exercised in similar circumstances. If that standard is breached and causes damage, liability arises, regardless of whether the negligence was 'gross' or 'ordinary'. The focus is on the breach of duty of care, not on a higher degree of fault beyond ordinary carelessness.

In commercial contracts Irish courts, including the Supreme Court (eg, in *ICDL GCC Foundation FZ-LLC v European Computer Driving Licence Foundation Ltd* [2012] IESC 55), have held that 'gross negligence' in such contractual contexts means 'a degree of negligence where whatever duty of care may be involved has not been met by a 'significant margin' or a 'significant degree of carelessness'. This allows parties to contractually agree to a higher threshold for liability in specific circumstances.

Law stated - 30 July 2025

Other special issues or requirements

Are there any other special issues or requirements particular to credit fund vehicles formed in your jurisdiction? Is conversion or redomiciling to vehicles in your jurisdiction permitted? If so, in converting or redomiciling vehicles formed in other jurisdictions into vehicles in your jurisdiction, what are the most material terms that typically must be modified and how common is this process? How long does it typically take?

QIAIFs are not subject to any material investment restrictions or diversification requirements. However, a QIAIF that originates loans is subject to the CBI's loan origination rules. These rules will align with the more flexible loan origination requirements under AIFMD II, which is set to take effect in April 2026. The CBI has already clarified certain aspects of its loan origination rules in its AIFMD Q&A, including the prohibition on lending to financial institutions and the conditions under which loans may be provided to borrowers acquiring controlling interests in companies.

Irish ELTIFs are not subject to any local Irish investment restrictions but must comply with the requirements of the ELTIF Regulation, as amended by ELTIF 2.0. The publication of the ELTIF RTS in October 2024 has clarified key operational aspects for ELTIFs, including redemption policies, liquidity management tools, and the matching of transfer requests between exiting and new investors. Open-ended ELTIFs with limited liquidity are now permitted, provided they meet the RTS requirements, such as maintaining an appropriate redemption policy and adhering to limits on the percentage of liquid assets used for redemptions.

It is possible to redomicile a fund to Ireland by way of continuation. However, for funds established as ICAVs and ILPs, the ability to redomicile by continuation is limited to funds redomiciling from certain recognised jurisdictions. Historically, this has included key offshore financial centres such as the Cayman Islands, British Virgin Islands, Jersey,

Bermuda, Guernsey, and the Isle of Man. The legislation of the original jurisdiction must also permit outward redomiciliation. The redomiciling fund must appoint an administrator and depositary based in Ireland, as well as two Irish resident directors for an ICAV or VCC.

The standard QIAIF and ELTIF approval time frames (which may be as quick as 24 hours for professional investor funds) apply to a fund redomiciling to Ireland. However, retail ELTIFs may require additional review time due to the need to ensure compliance with retail investor protections. Taking into account the requirements of the jurisdiction from which the fund is redomiciling, as well as onboarding with local Irish service providers, the entire process can take up to six months.

The redomiciling process may require modifications to the fund's constitutional documents, offering materials, and operational arrangements to ensure compliance with Irish regulatory requirements. For example, the fund may need to align its governance structure with Irish requirements, such as appointing Irish resident directors and engaging CBI-approved service providers. Additionally, the fund must ensure compliance with Irish tax registration requirements and, where applicable, the ELTIF RTS or CBI loan origination rules.

Redomiciling to Ireland is increasingly common, particularly for managers seeking access to the EU market post-Brexit or looking to benefit from Ireland's robust regulatory framework, favourable tax environment and experienced financial services ecosystem.

Law stated - 30 July 2025

Fund sponsor insolvency or change of control

With respect to institutional sponsors of credit funds organised in your jurisdiction, what are some of the primary legal and regulatory consequences and other key issues for the credit fund and its general partner and investment manager or adviser arising out of a bankruptcy, insolvency, change of control, restructuring or similar transaction of the credit fund's sponsor?

A credit fund sponsor is not a legal concept in Irish law; however, the impact of a bankruptcy, insolvency, change of control, restructuring or similar transaction of a private credit fund organised in Ireland would largely depend on the specific terms set out in the fund's constitutional documents and the management or advisory agreement. However, there are several potential consequences and issues that could arise:

- **Dissolution or Termination of the Fund:** The fund's constitutional documents may provide for the dissolution or termination of the fund in the event of the bankruptcy or insolvency.
- **Removal of the General Partner or Investment Manager/Adviser:** Bankruptcy or insolvency could trigger a right to remove the general partner or investment manager/adviser. This would usually require a vote of the investors.
- **Change of Control:** A change of control could require the consent of the investors or the Central Bank, depending on the terms of the fund's constitutional documents and the AIFM Directive.
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Regulatory Consequences: The Central Bank would need to be notified of any significant events affecting the Fund, and could potentially take regulatory action if it considered that the fund's operations or the interests of its investors were at risk.

- Impact on the Fund's Operations: Any of these events could disrupt the fund's operations, particularly if the fund's investment strategy or management is altered. The fund may need to find a new sponsor, general partner, or investment manager/adviser, which could take time and incur costs.

Law stated - 30 July 2025

REGULATION, LICENSING AND REGISTRATION

Principal legislation and regulatory bodies

What principal legislation governs credit funds in your jurisdiction? Which regulatory bodies have authority over credit funds and its managers and investment advisers in your jurisdiction? What are the regulators' audit and inspection rights?

There is no specific private credit fund legislation in Ireland; however, such funds are governed by the range of legislation and regulatory standards applicable to alternative funds alternative investment funds (AIFs) in Ireland. The principal legislation includes:

- the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended);
- the Investment Limited Partnership Acts 1994 and 2020;
- the Irish Collective Asset-management Vehicles Act 2015 (as amended);
- the Unit Trust Act 1990;
- the Investment Funds, Companies and Miscellaneous Provisions Act 2005;
- Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (as amended by Regulation (EU) 2023/606, commonly referred to as ELTIF 2.0);
- the Limited Partnerships Act 1907; and
- The Central Bank of Ireland (CBI)'s AIF Rulebook.

The CBI is the primary regulatory body for regulated credit funds in Ireland. It has authority over the funds themselves, as well as Irish-based managers and investment advisers. The CBI is responsible for:

- authorising funds and fund managers;
- monitoring compliance with regulatory standards; and
- taking enforcement action in the event of breaches.

The CBI's regulatory framework has recently been updated to align with Alternative Investment Fund Managers Directive (AIFMD) II, which is set to take effect in April 2026. This alignment introduces harmonised rules for loan-originating funds, including the

pan-European loan origination passport, which eliminates cross-border lending barriers. The CBI has also clarified its loan origination rules in its AIFMD Q&A, including the prohibition on lending to financial institutions and the conditions under which loans may be provided to borrowers acquiring controlling interests in companies.

For ELTIFs, the publication of the Regulatory Technical Standards in October 2024 has clarified key operational requirements, including redemption policies, liquidity management tools and the matching of transfer requests. The CBI has updated its application forms to process applications for open-ended ELTIFs with limited liquidity, further enhancing its regulatory framework for these vehicles.

The CBI has extensive audit and inspection rights for funds and managers under its supervision. These rights include:

- requesting information from funds and fund managers;
- conducting on-site inspections; and
- carrying out investigations into potential breaches of regulatory requirements.

The CBI also has the power to impose sanctions for regulatory breaches, including fines, public reprimands and disqualifications of fund board directors or other responsible individuals.

Additionally, the CBI maintains an extensive network of memoranda of understanding (MoUs) with regulatory bodies worldwide. These MoUs facilitate the exchange of information and cooperation in supervisory and enforcement matters, particularly for operators of Irish funds that are not established in Ireland.

The evolving regulatory landscape, including the alignment with AIFMD II and the enhanced ELTIF 2.0 framework, underscores the CBI's commitment to maintaining Ireland's position as a leading jurisdiction for private credit funds while ensuring robust investor protections and regulatory oversight.

Law stated - 30 July 2025

Reporting and disclosure requirements

What ongoing reporting and disclosure requirements apply to credit fund managers and investment advisers in your jurisdiction?

Private credit fund managers and investment advisers are subject to a range of ongoing reporting and disclosure requirements.

- **Regulatory reporting:** Irish alternative investment fund managers (AIFMs) are required to report to the Central Bank on a regular basis. This includes information about the fund's investment strategy, risk profile, leverage and liquidity. The frequency of reporting depends on the size of the fund, with larger AIFMs required to report more frequently. AIFMs are also required to report any significant changes to their operations or organisation, including changes in ownership, management or control.
- **Investor Reporting:** AIFMs are required to provide regular reports to investors. This includes information about the fund's performance, risk profile, and fees and

expenses. The exact scope and frequency of these reports will be set out in the fund's constitutional documents and offering materials.

- **Disclosures:** AIFMs are required to disclose certain information to investors before they invest in the fund. This includes information about the fund's investment strategy, risk profile, fees and expenses, and the rights of investors. AIFMs are also required to disclose any preferential treatment granted to certain investors.
- **Annual Report:** AIFMs are required to prepare an annual report for each fund they manage, which must be provided to investors and the Central Bank. The annual report must include a balance sheet or statement of assets and liabilities, an income and expenditure account, and a report on the activities of the financial year.

Law stated - 30 July 2025

Fund licensing and registration

What governmental approval, licensing or registration requirements apply to credit funds in your jurisdiction?

An unregulated private credit fund may be established as a 1907 LP.

Regulated alternative funds in Ireland are typically authorised as qualified investor alternative investment funds (QIAIFs) or ELTIFs and are subject to authorisation and supervision by the Central Bank.

Bonds or notes are generally treated differently to loans. Such fixed-income instruments are typically treated as securities rather than as loans. Similarly, an Irish credit fund can acquire loans that are already in issue and such acquisition does not result in the application of ELTIF or Central Bank loan origination rules to such a fund.

Law stated - 30 July 2025

Registration of investment adviser

Is a credit fund's manager or investment adviser (or any of its officers, directors or control persons) required to register as an investment adviser in your jurisdiction? If so, is there a triggering activity for such registration?

EU level rules provide that all alternative investment funds are required to have an AIFM. The requirement for authorisation is triggered by the activity of managing an alternative investment fund in Ireland, which includes activities such as portfolio management, risk management, administration and marketing.

An AIFM may be fully authorised AIFM, a sub-threshold AIFM or a non-EU AIFM. Sub-threshold AIFMs are subject to the relevant AIFM thresholds set out in AIFMD. In addition, a fund that is regulated by the Central Bank may only appoint a sub-threshold AIFM for a maximum period of two years. The two-year limit does not apply to AIFM appointed to an unregulated fund (re 1907 LP), as such a sub-threshold AIFM can continue to arrange a 1907 LP for as long as the sub-threshold AIFM remains within the AIFMD assets under management thresholds.

Any entity with investment discretion is required to be approved by the Central Bank prior to being appointed to a regulated fund. In the case of an EU AIFM, this is limited to passporting of services. For other EU firms, approval is provided on a 'fast-track' basis by email. Non-EU firms are required to submit an application with approval typically taking four to six weeks. The approval process is not required for an unregulated fund (ie, 1907 LP) except for passporting in respect of an EU AIFM. Non-discretionary investment advisers are not typically required to be approved by the Central Bank.

Law stated - 30 July 2025

Fund manager and investment adviser qualifications

Are there any specific qualifications or other requirements imposed on a credit fund's manager, investment adviser or any of its officers, directors or control persons in your jurisdiction?

There are no specific qualifications required or imposed on a credit fund's manager however there are several requirements to be authorised as an AIFM by the Central Bank:

- **Minimum capital requirements:** The AIFM must have initial capital of at least €125,000. If the value of the portfolios of the AIFs it manages exceeds €250 million, it must also have additional own funds.
- **Experience and qualifications:** The AIFM's senior management and those responsible for portfolio management must have sufficient experience and qualifications to carry out their duties. This is assessed by the Central Bank as part of the AIFM authorisation process.
- **Fitness and probity:** The Central Bank requires that all persons in control functions, including directors and senior management, meet high standards of fitness and probity. This includes having the necessary competence and capability, being financially sound, and having a record of honesty, integrity and ethical behaviour.
- **Risk management and compliance:** The AIFM must have adequate risk management and compliance systems in place, and must appoint a risk manager and a compliance officer.
- **Conflicts of interest:** The AIFM must have effective procedures for identifying and managing conflicts of interest.

The above requirements do not apply to sub-thresholds AIFMs or non-Irish AIFMs, the latter being subject to rules at its home jurisdiction.

Law stated - 30 July 2025

Political contributions

Are there any rules – or policies of public pension plans or other governmental entities – in your jurisdiction that restrict, or require disclosure of, political contributions by a credit fund's manager or investment adviser or their employees?

In Ireland, there are no specific rules that restrict or require disclosure of political contributions by a private credit fund's manager, investment adviser or their employees, commonly known as 'pay to play' restrictions.

However, all entities, including private credit funds and their managers or advisers, are subject to the general rules on political donations set out in the Electoral Act 1997. This Act requires that any donation exceeding €100 must be disclosed to the recipient's political party, and any donation exceeding €200 must be reported to the Standards in Public Office Commission.

In addition, the Central Bank's Code of Conduct for regulated entities requires that firms manage conflicts of interest effectively. This could potentially cover situations where political contributions could be seen as creating a conflict of interest.

Public pension plans and other governmental entities may have their own policies on accepting contributions from entities they invest in, and these would need to be checked on a case-by-case basis.

Law stated - 30 July 2025

Use of intermediaries and lobbyist registration

Are there any rules – or policies of public pension plans or other governmental entities – in your jurisdiction that restrict, or require disclosure by a credit fund's manager or investment adviser of, the engagement of placement agents, lobbyists or other intermediaries in the marketing of the fund to public pension plans and other governmental entities? Are there any rules that require a fund's investment adviser or its employees and agents to register as lobbyists in the marketing of the fund to public pension plans and governmental entities?

In Ireland, there are no specific rules that restrict or require disclosure by a private credit fund's manager or investment adviser of the engagement of placement agents, lobbyists or other intermediaries in the marketing of the fund to public pension plans and other governmental entities.

However, all entities and individuals are subject to the requirements of the Regulation of Lobbying Act 2015, which requires registration by any individuals or entities engaged in lobbying where it involves communicating with a designated public official (such as a public representative, government minister, senator, MEP, senior officials within the civil service and CEOs, directors or members of a local authority) in respect of a relevant matter (which is a matter relating to public policy or a public programme, the preparation or amendment of any law, including secondary legislation or the award of any grant, loan or other financial support, contract, agreement or any licence or other authorisation involving public funds).

In addition, the Central Bank's Code of Conduct for regulated entities requires that firms manage conflicts of interest effectively. This could potentially cover situations where the use of intermediaries in marketing could create a conflict of interest.

Public pension plans and other governmental entities may have their own policies on the use of intermediaries in marketing, and these would need to be checked on a case-by-case basis.

Law stated - 30 July 2025

Bank participation

Are there any legal or regulatory requirements that specifically apply to banks with respect to investing in or sponsoring credit funds?

There are no specific rules in Ireland applying to banks with respect to investing in or sponsoring credit funds other than those that are laid down at an EU level.

Law stated - 30 July 2025

Anti-money laundering rules

What anti-money laundering (AML) rules and regulations apply to credit funds formed in your jurisdiction? Are there any requirements for due diligence, record keeping or disclosure of the identities of (or other related information about) the investors in a credit fund or the individual members of the sponsor? What AML requirements apply at the level of the fund? What level of scrutiny is required for AML checks regarding investments?

Private credit funds in Ireland are subject to the requirements of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended, which transposes the EU's Fourth and Fifth Anti-Money Laundering Directives into Irish law.

- Due diligence: The fund, or its appointed fund administrator, is required to carry out customer due diligence (CDD) on all investors. This includes verifying the identity of the investor and understanding the nature of the investor's business and the intended purpose of the business relationship. Enhanced due diligence is required for higher-risk situations, such as where the investor is a politically exposed person.
- Record keeping: The fund is required to keep records of all CDD measures and transactions for at least five years after the end of the business relationship or transaction.
- Reporting: The fund is required to report any suspicious transactions to the Financial Intelligence Unit of the Irish police.
- Anti-money laundering (AML) officer: The fund is required to appoint a designated person responsible for compliance with AML/CFT requirements. This role is often fulfilled by a compliance officer at the fund management company or the fund administrator.
- Risk assessment: The fund is required to carry out a risk assessment to identify and assess the risks of money laundering and terrorist financing to which it is subject.
- Policies and procedures: The fund is required to have policies and procedures in place to prevent and detect the commission of money laundering and terrorist financing.

The level of scrutiny required for AML checks will depend on the risk assessment. Higher-risk situations will require enhanced due diligence and ongoing monitoring.

Law stated - 30 July 2025

TAXATION

Tax obligations and exemptions

Is a credit fund vehicle formed in your jurisdiction subject to taxation there with respect to its income or gains? Is the fund required to withhold taxes with respect to distributions to investors? Are there any applicable tax exemptions?

All Irish regulated funds whether they are constituted as corporate entities or unit trusts are subject to the same taxation regime so long as they are designated as Investment Undertakings under section 739B of the Taxes Consolidation Act 1997.

Regulated private credit funds are generally exempt from Irish tax on their income and gains. This is irrespective of whether the investors are resident in Ireland or not.

In terms of distributions, regulated funds in Ireland are not required to withhold tax on distributions made to non-Irish resident investors, provided the appropriate declarations are in place. For Irish resident investors, there may be a requirement to withhold tax depending on the nature of the investor.

It's important to note that while the fund itself is exempt from tax in Ireland, investors may be subject to tax in their own jurisdiction on income and gains received from their investment in the fund.

There is no difference in the tax treatment of regulated funds in Ireland depending on the type of entity (eg, ILP, ICAV, VCC), all are generally exempt from Irish tax on income and gains.

Law stated - 30 July 2025

Tax structuring

What range of downstream tax structures are available and commonly used in your jurisdiction to mitigate any tax leakage?

In Ireland, a range of downstream tax structures are available and commonly used to mitigate tax leakage for a private credit fund. These structures are designed to ensure that the fund's income and gains are taxed in the most efficient manner. Such structures could include the use of Section 110 companies, which are Irish tax-resident special purpose companies that meet the criteria set out in section 110 of the Taxes Consolidation Act 1997. To qualify, the company must: be resident in Ireland; acquire, hold or manage qualifying assets (such as financial assets, commodities or leases); have a minimum of €10 million in qualifying assets on the day it first holds such assets (the 'day one test'); carry on a business of holding and managing those assets; and notify Revenue of its intention to be a qualifying company within the required time frame.

The choice of structure will depend on a variety of factors, including the nature of the fund's investments, the tax status of the investors and the tax rules in the jurisdictions where the fund is investing.

Law stated - 30 July 2025

Local taxation of non-resident investors

Are non-resident investors in a credit fund subject to taxation or return-filing requirements in your jurisdiction?

Non-resident investors in a regulated private credit fund in Ireland are generally not subject to Irish tax on their income or gains from the fund.

In terms of distributions, regulated private credit funds are not required to withhold tax on distributions made to non-Irish resident investors, provided the appropriate declarations are in place.

Non-resident investors are generally not required to file tax returns in Ireland in relation to their investment in the fund.

However, it is important to note that, while non-resident investors may not be subject to tax in Ireland, they may be subject to tax in their own jurisdiction on income and gains received from their investment in the fund.

Law stated - 30 July 2025

Local tax authority ruling

Is it necessary or desirable to obtain a ruling from local tax authorities with respect to the tax treatment of a credit fund vehicle formed in your jurisdiction, or the services provided by the investment manager or investment adviser? Are there any special tax rules relating to investors that are residents of your jurisdiction?

In Ireland, it is generally not necessary to obtain a ruling from the Revenue Commissioners with respect to the tax treatment of a private credit fund or the services provided by the investment manager or adviser. This is because the tax treatment of regulated funds in Ireland is clearly established under Irish tax law.

Law stated - 30 July 2025

Special tax considerations for sponsors

Are there any special tax considerations for credit fund sponsors?

In Ireland, the tax considerations for private credit fund sponsors, such as the taxation of carried interest and management fees, depend on the structure of the fund and the nature of the sponsor's involvement.

There are no rules specifically governing the tax treatment of carried interest in Ireland. However, there are specific rules for certain types of carried interest received by venture capital managers under section 541C of the Taxes Consolidation Act 1997. This applies to carried interest earned from managing qualifying venture capital funds that invest in innovative, research-driven private companies. Under this regime, carried interest, up to 20 per cent of the total profits from a relevant investment, is treated as a chargeable gain. It is

taxed at a preferential capital gains tax rate of 15 per cent for individuals or partnerships and 12.5 per cent for companies.

The Finance (No. 2) Act 2023 was signed into law in Ireland in December 2023 and included legislation to implement the 15 per cent minimum tax rate under the OECD's Pillar Two agreement and as adopted in EU's Minimum Tax Directive. The new rules will not effect the majority of Irish entities and generally only effect multinational groups with turnover exceeding €750million.

A key consideration for funds and fund structures is whether they fall within scope of the rules in the first instance. There are a number of categories of entities that are specifically excluded from the rules, such as:

- any investment fund that is an ultimate parent entity;
- any entity that is at least 95 per cent owned by an investment fund that is an ultimate parent entity, that operates exclusively (or almost exclusively) to hold assets or invest funds for the benefit of an investment fund that is an ultimate parent entity or exclusively carries out activities ancillary to those performed by it; or
- any entity that is at least 85 per cent owned by an investment fund that is an ultimate parent entity provided that substantially all of its income is derived from dividends or gains that are excluded from the calculation of income for the purposes of the rules.

It is expected that many investment funds and entities within investment fund complexes should fall outside the scope of the rules. Therefore, case-by-case analysis is required to determine whether a vehicle qualifies as an 'investment fund' and meets the conditions to be treated as an excluded entity. That said, it is not clear that all collective investment vehicles will automatically satisfy the above conditions.

Law stated - 30 July 2025

Tax treaties

**Are there any relevant tax treaties to which your jurisdiction is a party?
How do such treaties apply to the fund vehicle or any downstream structure?**

Yes, Ireland has an extensive network of double tax treaties with over 75 countries. These treaties aim to prevent double taxation of income earned in one treaty country by a resident of the other treaty country. They can provide for reduced rates of withholding tax on payments of interest, dividends and royalties, and can also provide for the exchange of tax information.

The application of these treaties to a private credit fund or any downstream structure will depend on the specific terms of the relevant treaty and the nature of the fund or structure.

Law stated - 30 July 2025

Other significant tax issues

Are there any other significant tax issues relating to credit funds organised in your jurisdiction?

In addition to the issues already discussed, there are a few other significant tax considerations for private credit funds organised in Ireland:

- **Stamp Duty:** Transfers of shares in an Irish company are generally subject to stamp duty at 1 per cent of the consideration paid or the market value of the shares, whichever is higher. However, transfers of shares in a fund are exempt from stamp duty.
- **VAT:** The management of investment funds is exempt from VAT in Ireland. However, other services provided to the fund, such as legal or accounting services, may be subject to VAT.
- **Controlled Foreign Company (CFC) Rules:** Under the CFC rules introduced by the Anti-Tax Avoidance Directive ATAD (Anti-Tax Avoidance Directive 2), an Irish resident company that controls a foreign company may be subject to Irish tax on the undistributed income of the foreign company. ATAD2 specifically provides that: (1) a mismatch outcome shall not arise where the payee is exempt from tax in the territory in which it is established; and (2) that the anti-hybrid rules should not affect the general features of the tax system of a member state.

Law stated - 30 July 2025

OFFERING, SELLING AND INVESTMENT RESTRICTIONS

Offer and sale

What principal legal and regulatory restrictions apply to offers and sales of interests in credit funds formed in your jurisdiction, including the type of investors to whom such funds may be offered without registration under applicable securities laws?

Private credit funds in Ireland may be structured as qualified investor alternative investment funds (QIAIFs), European Long-Term Investment Funds (ELTIFs) or unregulated 1907 LPs. These are subject to certain restrictions on their offers and sales of interests:

- **Investor type:** QIAIFs can only accept investment by qualifying investors (essentially professional investors and certain high-net worth investors). ELTIFs may be established to market to professional investors only or may also be established to be market to retail investors, with such ELTIFs subject to more rules (which aligns with the EU wide position). 1907 LPs that are established as EU AIFs can seek to market in the EU and other countries to professional investors.
- **Marketing:** The marketing of QIAIFs and ELTIFs is regulated under the Alternative Investment Fund Managers Directive (AIFMD) and the ELTIF regulation. The marketing of 1907 LPs that are EU AIFs is regulated under AIFMD. The AIFMD provides for a passporting regime that allows marketing to professional investors across the EU without the need for registration in each individual member state. Marketing to retail investors is subject to stricter requirements and may require approval from the relevant national regulator. When marketing to retail investors, ELTIFs will be subject to the regulation on key information documents for packaged

retail investment and insurance products and will therefore be required to provide investors with a Key Information Document prior to their investment.

- Disclosure: QIAIFs, 1907 LPs established as EU AIFs, and ELTIFs are required to provide investors with a prospectus or offering document that contains all the information necessary for investors to make an informed judgement about the investment. This includes information about the fund's investment strategy, risk profile, fees and expenses, and the rights of investors. The ELTIF regulation provides for additional disclosure in the offering materials.

Law stated - 30 July 2025

Types of investor and investment

Are there any restrictions on the types of investors that may participate in credit funds or the types of investments that may be held by credit funds formed in your jurisdiction?

Types of investors

The restrictions on the type of investor participating in credit funds largely depends on the regulatory authorisation the particular fund has. ELTIFs can be marked to professional investors (as defined in MiFID) or retail investors depending on the particular authorisation it has.

QIAIFs and Qualified Investor ELTIFs are limited to investors who meet the following criteria: (1) are professional clients in accordance with MiFID; (2) receive an appraisal from an EU credit institution, a MiFID firm or a UCITS management company that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the QIAIF or Qualified Investor ELTIF; or (3) certify that they are an informed investor by providing the following:

- confirmation (in writing) that the investor has such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment; or
- confirmation (in writing) that the investor's business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the QIAIF or the Qualified Investor ELTIF.

Types of investments that may be held by credit funds

QIAIFs

QIAIFs established as loan origination funds are primarily limited to originating loans, loan participation, investment in debt/credit, and any related activity and instruments for treasury, cash or hedging purposes (the L-QIAIFs). However, they are subject to certain restrictions on the types of loans they may originate. Specifically, L-QIAIFs are not permitted to originate loans to:

- natural persons;
- the AIFM, any other QIAIF service providers, or their delegates/group companies;
- other collective investment undertakings;
- financial institutions or related companies of these; or
- persons intending to invest in equities or other traded investments or commodities for speculative purposes.

The CBI has recently clarified certain aspects of these restrictions in its AIFMD Q&A. For example, the prohibition on lending to financial institutions has been aligned with the AIFMD II loan origination rules, which define financial institutions to include entities such as credit institutions, insurance undertakings, and investment firms under relevant EU directives. Additionally, the CBI has confirmed that QIAIFs may provide loans to borrowers intending to acquire a controlling interest in a company, provided the loan is not used to facilitate speculative or trading investment strategies.

The new pan-European loan origination fund rules, introduced by AIFMD II, aim to harmonise the framework for direct lending activities across the EU. For Irish L-QIAIFs, this means that while Ireland was a first mover in regulating loan origination funds, the domestic L-QIAIF rules will eventually be replaced by (or align with) these new EU-wide standards by April 2026. This harmonisation is expected to bring greater consistency in areas like leverage limits, risk retention requirements, connected party restrictions, and operational policies for loan origination, potentially relaxing some existing Irish-specific limitations while ensuring a unified approach for marketing these funds across the EEA.

ELTIFs

ELTIFs are subject to the portfolio composition and investment restrictions set out in the ELTIF Regulation, as amended by ELTIF 2.0. These rules require that at least 55 per cent of the ELTIF's capital is invested in eligible investment assets. Eligible investment assets include:

Instruments issued by or loans granted to qualifying portfolio undertakings, which are defined as firms that:

- have been established or authorised for no more than five years;
- are not admitted to trading on a regulated market; or
- are admitted to trading but have a market capitalisation of no more than €1.5 billion.

Loans granted by an ELTIF must have a maturity that does not exceed the life of the ELTIF.

The publication of the ELTIF RTS in October 2024 has clarified additional requirements for ELTIFs, including redemption policies, liquidity management tools and the alignment of the ELTIF's life cycle with the life cycles of its underlying assets. Open-ended ELTIFs with limited liquidity are now permitted, provided they meet the RTS requirements, such as maintaining an appropriate redemption policy and adhering to limits on the percentage of liquid assets used for redemptions.

The enhanced ELTIF 2.0 framework has broadened the scope of eligible investment assets and relaxed certain diversification requirements, making ELTIFs more attractive for both

professional and retail investors. These changes are expected to further position ELTIFs as a competitive vehicle for long-term investments in private credit and other asset classes.

Law stated - 30 July 2025

EXCHANGE LISTING AND SECONDARIES

Listing

Are credit funds able to list on a securities exchange in your jurisdiction and, if so, is this customary? What are the principal initial and ongoing requirements for listing? What are the advantages and disadvantages of a listing? Are there any restrictions on the type of vehicle or the terms of the credit fund that is seeking a listing?

Yes, private credit funds in Ireland can be listed on a securities exchange, such as Euronext Dublin.

The principal initial requirements for listing include preparing a listing prospectus that complies with the listing rules of the exchange and the EU Prospectus Regulation, and obtaining approval from the exchange.

The ongoing requirements include publishing annual and semi-annual financial reports, notifying the exchange of any significant changes to the fund's operations or financial position and complying with the exchange's rules on corporate governance.

The advantages of a listing can include increased visibility and credibility, potential access to a wider range of investors and the possibility of improved liquidity. However, the disadvantages can include the costs and time involved in preparing for the listing and complying with the ongoing requirements, and the potential for increased scrutiny and pressure from investors. Generally speaking, listing funds on Euronext Dublin is a 'technical' listing and the fund itself is traded through its transfer agent rather than on the exchange.

There are no specific restrictions on the type of vehicle or the terms of the private credit fund that is seeking a listing. However, the fund must meet the eligibility criteria of the exchange, which can include requirements on the fund's size, track record and management team.

Law stated - 30 July 2025

Restriction on transfers of interests

To what extent can a listed fund restrict transfers of its interests?

Generally, for listed funds shares or units in the fund must be freely transferable and restrictions on transfer are only permitted where it is in the best interests of the fund or its shareholders and in compliance with the constitutional document. Any restrictions on transfers must comply with the rules of the exchange on which the fund is listed.

Law stated - 30 July 2025

Secondary transactions

Can interests in a private credit fund established in your jurisdiction be transferred between investors? If so, are these typically subject to any contractual or regulatory conditions?

Irish private credit fund documents usually include specific provisions for the transfer of interests. These could include a requirement for the approval of the fund's general partner or directors, a right of first refusal for existing investors or restrictions on transfers to certain types of eligible investors.

Any transfer of interests would need to be to an investor who meets any applicable investor eligibility criteria and be subject to applicable AML requirements. Tax advice should always be sought by both the transferor and transferee.

Law stated - 30 July 2025

PARTICIPATION IN PRIVATE CREDIT TRANSACTIONS

Legal and regulatory restrictions

Are funds formed in your jurisdiction subject to any legal or regulatory restrictions that affect their participation in private credit transactions or otherwise affect the structuring of private credit transactions completed inside or outside your jurisdiction? Can a private credit fund hold non-loan or non-debt investments and, if so, are such holdings subject to any restrictions? Is a private credit fund established in your jurisdiction subject to any restrictions on participating in any creditor committees or taking other actions in respect of its credit investments or borrowers?

If a qualified investor alternative investment fund (QIAIF) originates loans, it must comply with the Central Bank of Ireland (CBI) loan origination rules. These rules include requirements on risk diversification, leverage, liquidity management and investor disclosure. The CBI has recently clarified certain aspects of these rules in its Alternative Investment Fund Managers Directive (AIFMD) Q&A, including the prohibition on lending to financial institutions and the conditions under which loans may be provided to borrowers acquiring controlling interests in companies. The CBI's rules are expected to align with the more flexible loan origination requirements under AIFMD II, which is set to take effect in April 2026.

A loan-originating QIAIF can hold non-loan or non-debt investments, such as equity investments, provided these are consistent with the fund's investment strategy and risk profile. The fund's offering documents may also include additional investment restrictions on the types of investments it can hold. For example, the CBI has confirmed that QIAIFs may not originate loans to persons intending to use the proceeds for speculative investments in equities or other traded investments or commodities.

Similarly, an European Long-Term Investment Fund (ELTIF) originating loans must comply with the ELTIF Regulation, as amended by ELTIF 2.0. The enhanced ELTIF framework has broadened the scope of eligible investment assets and relaxed certain diversification requirements, making ELTIFs more flexible in their investment strategies. The publication of the ELTIF RTS in October 2024 has clarified additional requirements for ELTIFs, including

redemption policies, liquidity management tools, and the alignment of the ELTIF's life cycle with the life cycles of its underlying assets.

Funds originating loans across the EU will be subject to the harmonised AIFMD II loan origination rules once implemented. These rules introduce a pan-European loan origination passport, which eliminates cross-border lending barriers and provides greater flexibility for private credit funds to implement consistent lending strategies across the EU.

There are no specific restrictions on a QIAIF participating in creditor committees or taking other actions in respect of its credit investments or borrowers. However, it is typically the fund manager, rather than the fund itself, that participates in such committees. The fund must manage any conflicts of interest that may arise and must act in the best interests of its investors. The CBI's AIF Rulebook and AIFMD requirements impose strict obligations on fund managers to ensure that conflicts of interest are identified, managed and disclosed appropriately.

In summary, while QIAIFs and ELTIFs are subject to regulatory requirements that govern their participation in private credit transactions, these rules are designed to provide flexibility while ensuring robust investor protections. The alignment of QIAIF rules with AIFMD II and the enhanced ELTIF 2.0 framework further strengthen the regulatory environment for private credit funds in Ireland.

Law stated - 30 July 2025

Use of leverage

Are there any legal or practical restrictions on funds formed in your jurisdiction having a subscription line (and providing security over investor interests) or having true leverage (and asset level security) in the fund?

AIFMD leverage calculation and disclosure requirements apply to Irish alternative investment funds. A loan originating QIAIF is subject to leverage limit of 200 per cent of its net asset value.

ELTIF borrowing and leverage requirements apply to Irish ELTIFs. Otherwise, an Irish credit fund can borrow and provide security in line with its constructive documents.

Otherwise, private credit funds formed in Ireland can utilise both subscription lines and leverage within the fund or at underlying vehicle level.

AIFMD II will introduce specific leverage limits for 'loan-originating AIFs' to manage systemic risk within the private credit market. These limits are expressed as a ratio of the alternative investment fund (AIF)'s exposure to its net asset value (NAV), calculated using the commitment method. Specifically:

- open-ended loan-originating AIFs are subject to a leverage limit of 175 per cent of their NAV; and
- closed-ended loan-originating AIFs are subject to a leverage limit of 300 per cent of their NAV.

It's important to note that certain borrowing arrangements, such as those fully covered by undrawn investor capital commitments, are generally excluded from this calculation. There's

also an exemption for AIFs primarily originating shareholder loans, provided these loans don't exceed 150 per cent of the AIF's capital.

Law stated - 30 July 2025

Compensation and profit sharing

Are there any legal or regulatory issues that would affect the structuring of the sponsor's compensation and profit-sharing arrangements with respect to the fund? Is there anything that could affect the sponsor's ability to take management fees, transaction fees and a carried interest (or other form of profit share) from the fund?

EU AIFMs are required to ensure that risk-taking incentives are balanced by risk management incentives in accordance with the remuneration requirements set by the European Securities and Markets Authority.

Law stated - 30 July 2025

UPDATE AND TRENDS

Key developments of the past year

What are the most significant recent trends and developments relating to credit funds in your jurisdiction? What impact do you expect such trends and developments will have on global credit fundraising and on credit funds generally?

The past year has seen several significant developments in the regulation and operation of credit funds in Ireland, driven by both EU-level changes and domestic initiatives.

AIFMD II

On 15 April 2024, AIFMD II entered into force, introducing a harmonised framework for loan-originating activities across the EU. This is a major development for private credit funds, as it provides a pan-European loan origination passport, eliminating cross-border lending barriers and enabling funds domiciled in one EU member state to lend directly to borrowers in other member states without complex workarounds.

The Central Bank of Ireland (CBI) is expected to revise its loan origination rules for qualified investor alternative investment funds to align with the more flexible requirements under AIFMD II. These changes, which are set to take effect by April 2026, will provide greater consistency across the EU and enhance Ireland's competitiveness as a domicile for private credit funds.

ELTIF 2.0 and RTS

The European Long-Term Investment Funds (ELTIF) Regulation was significantly enhanced by ELTIF 2.0, which came into effect in January 2024. The publication of the ELTIF RTS in October 2024 has further clarified key operational aspects, including redemption policies, liquidity management tools, and the alignment of the ELTIF's life cycle with the life cycles of its underlying assets.

A key development from an Irish perspective is that the CBI's loan origination rules have been disapplied for ELTIFs, which is a welcome change. This allows ELTIFs to operate under the more flexible ELTIF 2.0 framework, making them an attractive option for both professional and retail investors. The introduction of open-ended ELTIFs with limited liquidity is expected to further broaden the appeal of these vehicles.

Irish government initiatives

The Irish government's 'Funds Sector 2030' review concluded that while Ireland maintains a strong position in public market funds (such as ETFs and money market funds), targeted measures are crucial to enhance its role in the growing private assets sector (including private credit funds), primarily through regulated structures. For private funds, the review specifically recommended improving the attractiveness of the Investment Limited Partnership, including tax measures, and noted that while no substantive changes to the section 110 regime are currently proposed, enhanced transparency will be addressed. Overall, the aim is to ensure Ireland remains competitive and resilient in the evolving global funds landscape, recognising the need to adapt for future growth in private markets.

Central Bank Guidance and Updates

In March 2025, the CBI published the 50th edition of its AIFMD Q&A, providing important clarifications on loan origination rules, including the definition of 'financial institutions' and the conditions under which loans may be provided to borrowers acquiring controlling interests in companies. These updates provide greater clarity and flexibility for fund managers operating private credit funds in Ireland.

Impact on global credit fundraising

These developments are expected to have a positive impact on global credit fundraising and the attractiveness of Ireland as a domicile for private credit funds. The alignment of Irish rules with AIFMD II and the enhanced ELTIF 2.0 framework provide fund managers with greater flexibility in structuring and marketing their funds, while also ensuring robust investor protections.

The introduction of the pan-European loan origination passport under AIFMD II is particularly significant, as it simplifies cross-border lending and expands the market for private credit funds. Similarly, the ability to establish open-ended ELTIFs with limited liquidity is expected to attract a broader range of investors, including retail investors seeking access to long-term private credit opportunities.

Domestically, the Irish government's ongoing review and updating of the funds legislative and tax framework and the CBI's proactive approach to regulatory updates underscore Ireland's commitment to maintaining its position as a leading jurisdiction for private credit funds.

These initiatives are likely to further enhance Ireland's reputation as a hub for global credit fundraising and investment.

Law stated - 30 July 2025