

# Ireland Funds Sector 2030 Review: Strategic Recommendations for Future Growth and Innovation

## Executive Summary

The Funds Sector 2030 Review<sup>1</sup> was initiated by the Minister for Finance given the size of the funds and asset management sector in Ireland, noting the changes taking place, *"to ensure that Ireland maintains its leading position in asset management and funds servicing and that the framework for the sector is resilient, future-proofed, supportive of financial stability and a continued example of international best-practice."* The Department of Finance ("DoF") issued its final report in October 2024 ("FSR Report").

The FSR Report makes 42 recommendations across nine areas, including legal structures and products, the regulatory and supervisory regime for funds, harnessing technology, enabling retail investment, structured finance and sustainable finance, i.e. the role of the sector in supporting the green transition.

## Key Takeaways

### FSR Report

- Highlights Ireland as a jurisdiction for regulated fund products, with a particular focus on our role as a leading global jurisdiction for establishing, distributing and regulatory supervision of ETFs. It notes *"Irish industry, the Central Bank and the Department of Finance must continue to*

*be at the forefront of innovation as the ETF market segment develops."*

- Supports the growth of private assets by targeted changes *"with a focus on authorised and supervised structures"*;
- A welcome recommendation to simplify the taxation regime for Irish individuals investing in funds to promote domestic and retail participation;
- Notes the importance of structured finance, primarily securitisation, to Ireland as a jurisdiction and as part of the CMU. It also recommends the need to ensure there is a good understanding of AML/CTF risks. There is no recommendation to change the taxation regime for section 110 companies, or establish a new regime for holding companies; and
- Recommends continued promotion of Ireland as a centre of excellence for sustainable finance, as part of the DoF's broader 'Ireland for Finance' strategy.

Several of the recommendations endorse continuing with current approaches and initiatives of the Central Bank of Ireland ("CBI") and industry, such as continued review of CBI authorisation processes and engagement at EU and international levels on regulatory initiatives.

---

<sup>1</sup> <https://www.gov.ie/en/publication/ef482-funds-sector-2030-a-framework-for-open-resilient-developing-markets/#funds-review-2030-report>

The FSR Report also notes:

- Ireland's current success as an industry was largely built on a 'strong offering' of fund administration and fund servicing, but notes that business models have evolved, and should continue to evolve beyond that core offering.
- The transformational effects technology has and will continue to have, including tokenisation and generative AI. It will be crucial to have the expertise to exploit the opportunities.
- Ireland is well placed to be a centre of excellence for several elements of the EU's capital markets union, including the growth of securitisation which benefits Ireland as a leading jurisdiction for structured finance.

## Summary Recommendations

### *Legal Structures and Products*

- Support the growth of ETFs: CBI should continue to play a leading role as a regulator and consider updates to current portfolio transparency requirements.
- The FSR Report notes the strong growth of private assets in recent years, in particular private credit. It notes Ireland has a strong track record and skillset in servicing private assets funds globally. The DoF and CBI should support growth in private assets through targeted changes to the regulatory regime for private asset funds. There is a welcome recommendation for measures to improve the attractiveness of the ILP, primarily the taxation regime, including a review of the dividend withholding tax exemption with a view to extend it to ILPs<sup>2</sup>.

### *Regulatory and Supervisory Regime*

- CBI should continue regular reviews of its authorisation processes for funds and service providers.

- CBI should publish a pipeline of its upcoming reporting requirement deadlines and ad hoc data requests to allow industry to plan for these.
- DoF and / or CBI should continue to engage at EU level on topics such as sharing of data (and data gaps) regarding 'unregulated' funds, overlaps in regulatory reporting, the non-bank sector and technological innovation.

### *Harnessing Technology to Boost Competitiveness*

- Recommendations to industry include that (i) it should harness collective expertise to support technological innovation, (ii) engage with DoF and CBI to ensure they remain aware of how innovations are applied and how they comply with legal and regulatory requirements, (iii) continued engagement with the CBI and DoF on tokenisation.
- Government and CBI cooperation to ensure (i) public supports for technological innovation and digital transformation are complementary and (ii) develop and implement legal and regulatory regimes for technological innovation at national, EU and international levels.

### *Enabling More Retail Investment*

- DoF should carry out a comprehensive mapping of the "savings and investment landscape" to better understand the trends risks, challenges and opportunities for stakeholders.
- Reforms to the taxation of funds (domiciled in Ireland and EU/EEA and OECD jurisdictions), to ensure all investment and savings products are aligned, and in particular:
  - (i) Removal of the eight-year deemed disposal requirement;
  - (ii) Align rates of tax for funds (currently 41%) with CGT (currently 33%);

---

<sup>2</sup>It can be noted a participation exemption for foreign dividends is being introduced as part of the Finance Bill 2024

- (iii) Allow limited form of loss relief.
- CBI to consider how to utilise data to get a more accurate profile of retail investor activity and behaviours.

## *Structured Finance*

Improve transparency of the Special Purpose Entity (SPE) Sector (covering SPVs, section 110 companies), including:

- Increase understanding of AML/CTF risks;
- Enable Revenue to publish a list of companies availing of the section 110 regime; and
- Consider a requirement for section 110 companies to have a Legal Entity Identifier (LEI).

## *Investment in Property in Ireland*

- The FSR Report sets out a relatively detailed overview of the Irish real estate sector, noting the domestic pool of capital is not large enough to fund housing and other real estate needs, so there is a need for international capital, albeit reliance on that should ideally be reduced over time.
- The FSR Report notes other sources of funding and structures to invest have grown since Irish Real Estate Fund ("IREF") was introduced, and the DoF's view at face value, there appears to be a strong case for amending the IREF regime to incorporate an entity-level tax. The recommendation is that it should undertake a public consultation setting out potential options for such an entity level tax.

## *Engagement and Promotion*

The FSR Report notes success of the Irish financial services industry was in part due to strong cooperation between Government and industry, but this dynamic has evolved in light of the increased role and volume of EU legislation and cross-border activity. But it sees this as a chance to refocus not restructure collaboration with industry. Recommendations here include:

- Annual roundtable between DoF ministers and industry.
- That DoF should continue engagement with stakeholders on policy development, and allocate DoF resources for internal structures, roles and cross-departmental working groups where required.

## *Skills and Access to Talent*

The recommendation here is that industry should continue to develop strategies to grow and attract talent including partnerships with education providers.

## Further Information

The Maples Group's Funds & Investment Management Group (in particular its ETF and Private Assets teams) and Tax Group continue to be deeply engaged in the industry consultation process. Our team is well-positioned to provide expert advice on the latest developments and strategic recommendations outlined in the Ireland Funds Sector 2030 Review. For further information, please liaise with your usual Maples Group contact or any of the persons listed below.

### Dublin

**Adam Donoghue**

+353 1 619 2041

[adam.donoghue@maples.com](mailto:adam.donoghue@maples.com)

**Eimear O'Dwyer**

+353 1 619 2065

[eimear.o'dwyer@maples.com](mailto:eimear.o'dwyer@maples.com)

**Deirdre McIlvenna**

+353 1 619 2064

[deirdre.mcilvenna@maples.com](mailto:deirdre.mcilvenna@maples.com)

**John Gallagher**

+353 1 619 2073

[john.gallagher@maples.com](mailto:john.gallagher@maples.com)

**Gillian Ridgway**

+353 1 619 2130

[gillian.ridgway@maples.com](mailto:gillian.ridgway@maples.com)

**William Fogarty**

+353 1 619 2730

[william.fogarty@maples.com](mailto:william.fogarty@maples.com)

**October 2024**

**© MAPLES GROUP**

This update is intended to provide only general information for the clients and professional contacts of the Maples Group. It does not purport to be comprehensive or to render legal advice. Published by Maples and Calder (Ireland) LLP.