

Guide to
Listing
Investment
Funds on
Euronext
Dublin

DILLON  EUSTACE

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Why List?

A listing on Euronext Dublin (“Euronext”) offers a number of advantages, including most importantly increasing distribution capacity. Euronext offers issuers a choice of two markets depending on their requirements, the Main Securities Market (“MSM”), an EU regulated market, and the Global Exchange Market (“GEM”), an exchange regulated market and multi-lateral trading facility, with equivalent rules and transparency, but outside the scope of certain EU Directives applicable to the MSM.

A listing on a “regulated market” such as the MSM allows promoters to market their fund to UCITS, pension funds and institutional investors who may require the securities in which they invest to be listed on a regulated market. A listing on either the MSM or GEM is also advantageous in countries where the relevant authorities require or provide exemptions for investment in listed securities. A Euronext listing increases transparency and allows a promoter to profile the listed fund, the Investment Manager and fund performance on the Euronext professional investor portal “FundHub”.

Advantages of a Euronext listing:

1. Distribution – Classification as “a security listed or traded on a regulated market” where listed on the MSM for pension funds, institutional investors and UCITS, or as a listed security for GEM listings;
2. Profile of the fund, Investment Manager and fund performance on Euronexts professional investor portal Fundhub;
3. Transparency - All NAVs, financial reports and announcements of ongoing operational changes and other relevant market notifications made by listed funds are disseminated through Euronexts data feed to information vendors;
4. Cost benefits. Low cost listing which also provides independent publication of NAVs for listed securities at no extra charge. Fees structured based on number of sub-funds rather than securities listed or capitalization;
5. For ETF issuers – a passport to trading on the London Stock Exchange;
6. A comprehensive set of listing rules;
7. A commitment to aggressive timings on processing listing applications;

8. Flexible and approachable listing regime;
9. Provides a “stamp of regulation” for funds which may be domiciled in unregulated jurisdictions. The level of scrutiny imposed by Euronext on an initial and ongoing basis provides the market with a significant level of transparency and investor protection;
10. A significant element of prestige and visibility, particularly as Ireland is a member of both the OECD and the EU; and
11. Enables the security to be marked to market, i.e. to allow investors to refer to a quoted market price for their securities.

FundHub

Euronext operates a discretionary portal for investment managers and professional investors. The site allows Investment Managers provide a targeted professional investor audience with additional information on their listed funds including profile of the investment management company, fund documentation such as the Prospectus/Supplements, KIIDS, reports, etc. The site automatically performs analytics and peer performance based on NAV history and ongoing pricing.

The site is closed to the public and available only to registered professional investors. It is carefully constructed that there is no direct link between the site and any fund or Investment Manager.

There is a minimal annual fee for FundHub.

Our Experience

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

Our listing team is experienced in advising all types of fund structures and commits to a comprehensive and proactive approach.

The Listing Process

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

Drafting and Approval of the Listing Particulars

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

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

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

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

Responsibility

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

Conditions for Listing

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

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

	<ul style="list-style-type: none"> - Funds trading after publication of audited financial statements – the most recent audited accounts and unaudited portfolio and per share information as at a date within one month of the document date.
NAV Calculation	<ul style="list-style-type: none"> - At least annually. - NAV must be reported without delay to Euronext upon calculation. - Responsible entity must be separate to Depositary or any sub-custodian.
Hedge Funds	Permitted subject to investors being “Professional Investors” or “Super Sophisticated Investors” and prime brokers/counterparties meeting specified suitability criteria.
Professional Investors	<ul style="list-style-type: none"> - Minimum subscription \$100,000. - Investor warrants: <ul style="list-style-type: none"> • its ordinary business or professional activity includes the buying or selling of investments, whether as principal or agent; • in the case of a natural person, their individual net worth, or joint net worth with their spouse, exceeds \$1 million; • it is an institution with a minimum amount of assets under discretionary management of \$5 million; • that they have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the fund; • are aware of the risks inherent in investing in the securities and the method by which the assets of the fund are held and/or traded; or • can bear the risk of loss of their entire investment.
Super Sophisticated Investor Funds	<ul style="list-style-type: none"> - Many of the conditions for listing, prescriptive investment restrictions and the prohibition on passivity are disapplied for Super Sophisticated Investor Funds, which allows for greater flexibility to list innovative and more sophisticated products.

	<ul style="list-style-type: none"> - SSF Conditions: - Minimum Subscription \$250,000 - Investment Manager is registered/regulated in EEA; Australia, Canada, Hong Kong, Japan, Singapore, Switzerland, US. - Investor warrants at the time of making the investment that: <ul style="list-style-type: none"> • its ordinary business or professional activity includes the buying and selling of investments, whether as principal or agent; or • in the case of a natural person, their individual net worth, or joint net worth with that person's spouse, exceeds US\$2.5 million; or • it is an institution with a minimum amount of assets under discretionary management of US\$5 million; and that they: <ul style="list-style-type: none"> • have the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the fund; • are aware of the risks inherent in investing in the securities and the method by which the assets of the fund are held/or traded, and • can bear the risk of loss of their entire investment.
<p>Prime Broker/Approved Counterparties</p>	<ul style="list-style-type: none"> - A prime broker, or significant counterparty, must meet a financial resources requirement and must itself be regulated as a broker by a recognised public authority. - Financial resources of \$200 million or has all of its obligations to the fund irrevocably and unconditionally guaranteed by, or is an unlimited liability subsidiary of, an entity that has \$200 million in financial resources - Recognised public authority means a public authority that is charged with the prudential regulation and ongoing supervision of financial services in an EU member state,

	Australia, Canada, Hong Kong, Japan, Singapore, Switzerland, US, and any other jurisdiction specified by Euronext
Exchange Traded Funds	<ul style="list-style-type: none"> - ETFs are listed under standard fund requirements and are subject to the conditions for listing and reporting requirements as set out herein. - No secondary trading market on the Euronext. - A listing on Euronext allows an ETF a streamlined process of passporting to trading on the London Stock Exchange. This offers significant cost and timing efficiencies in accessing the UK market. - Active and passive ETF strategies are acceptable. - Active ETFs must regularly report iNAV throughout trading day. - No requirement for daily portfolio reporting for actively managed ETFs.
Property Funds	<ul style="list-style-type: none"> - Additional requirements for risk spreading - Qualified Independent Valuer and annual independent valuation - Legal and management control restriction disapplied - Investment Manager and Board must have relevant property experience and expertise.
Borrowing/Leverage Restrictions	- None – disclosure based.
Auditor Requirements	- Must be internationally reputable qualified firm.
Application Timing	- Three to four weeks.
Subject to EU Directives	<ul style="list-style-type: none"> - MSM – Market Abuse Regulation, Statutory Audit Directive - GEM – Market Abuse Regulation
OECD Membership	- Yes

Irish Regulated Funds

There are many common policy approaches between Euronext and Central Bank, therefore the process for listing Irish regulated funds, and their ongoing reporting obligations have been streamlined and listing costs have been minimized.

Euronext Dublin Listing Fees

Euronext listing fees are as follows:

		EU Funds	Non-EU Funds
Application Fee		€2,000	€2,180
Administration Fee		€300	€300
Formal Notice Fee**		€550	€550
Annual Fee*	Single Fund	€2,000	€2,180
	Umbrella Fund		
	Subfunds 1-5	€2,000	€2,180
	Subfunds 6-10	€1,210	€1,320
	Subfunds 11+	€800	€880
FundHub Annual Fee*	Per Subfund	€150	€150

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

** plus VAT of 23% (where applicable)

Continuing Obligations

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

The Directors are responsible for ongoing compliance with these obligations.

Annual Reports

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

Market Abuse Directive

The Market Abuse Directive requires that:

- ▣ Listed issuers ensure that any inside information is made public without delay;
- ▣ Directors, persons closely associated with them (“PCAs”), or any person in possession of inside information are precluded from dealing at a time when they are in possession of inside information;
- ▣ The fund should adopt, by board resolution, rules governing inside dealings and market manipulation;
- ▣ Any transactions by Directors or PCAs in the listed shares must be promptly reported to Euronext within specified time limits;
- ▣ Specific procedures be followed in the event that the publication of inside information is delayed by a listed issuer; and
- ▣ Lists be maintained of all persons who have access to unpublished inside information either at the fund or at any of its service providers.

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

Reporting Requirements

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

The following reporting obligations are substantially reduced for Irish regulated Funds on both the MSM and GEM.

Prior Euronext Approval

Prior Euronext approval is required for the following proposed changes:

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

Prior Shareholder Approval

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

- a material change in the investment objective, policy or strategy within three years of commencement to trade;
- a reverse transaction;
- a related party transaction;
- a change from open to closed ended status (except where provided for in the listing particulars);
- a change which is relevant to the continuation of the listing, or may materially affect the interests of shareholders;

- ▣ a proposal to issue units at less than net asset value (except where such offer is first made on a pro-rata basis to shareholders);
- ▣ a proposed change in status of the Fund to an SSF or action that may lead to a substantial change in the nature or substance of the Fund; or
- ▣ a proposal to delist the fund in certain circumstances.

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

Announcement of Changes without Prior Approval

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

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

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

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