

## Fund Finance Briefing

# Central Bank of Ireland Publishes Consultation to Remove Prohibition on Irish Funds Guaranteeing Third Parties

Ireland is widely recognised as a leading domicile in which to establish investment funds. The most common Irish-regulated fund structures used in fund finance transactions are: (i) Irish collective asset-management vehicles (“**ICAVs**”); (ii) investment limited partnerships (“**ILPs**”); and (iii) investment companies or PLCs (together, “**Irish Funds**”).

The most common form of Irish Fund subject to the Alternative Investment Fund Managers Directive (“**AIFMD**”), and the fund most used by private capital sponsors, is the Qualifying Investor Alternative Investment Fund (“**QIAIF**”). A QIAIF is subject to the Central Bank of Ireland’s (“**CBI**”) AIF Rulebook.

Up to now, the AIF Rulebook has prohibited QIAIFs from acting as a guarantor on behalf of third parties. The reference to “guarantor” is not defined in the AIF Rulebook and accordingly, has been broadly interpreted as prohibiting all forms of credit support, including guarantees and other security interests. In addition, “third parties” has also been interpreted broadly, including to capture co-investment vehicles, or master funds, into which a QIAIF invests.

The CBI issued an updated Q&A on the AIF Rulebook on 7 March 2025 which relaxed the prohibition, subject to adherence to **certain conditions**.

## Matheson Fund Finance team

On 9 September 2025, the CBI published a consultation setting out proposed changes to its AIF Rulebook, partly to implement amendments to the AIFMD. One of the changes proposed by the consultation is to remove the guarantee prohibition altogether, meaning that QIAIFs would, as a general principle, be free to guarantee third parties without further Irish regulatory restrictions.

The consultation closes on 5 November 2025 and it is expected that a change to the AIF Rulebook removing the guarantee prohibition could come into effect before the end of 2025, in advance of the 16 April 2026 transposition deadline for AIFMD 2.0.

This is a very welcome development for fund finance transactions and will align the QIAIF regulatory regime with those of other key fund jurisdictions and the CBI's European Long-Term Investment Fund regime (which does not contain the same third-party guarantee prohibition).

The Matheson Fund Finance team has extensive experience advising sponsors, managers and lenders on fund finance transactions. For more information please contact the Fund Finance team or your usual contact at Matheson.



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