

## Fund Finance Briefing

# Central Bank Of Ireland Removes 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 category 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.

Historically, the AIF Rulebook prohibited QIAIFs from acting as a guarantor on behalf of third parties. Accordingly, cascading pledge structures have often been required or recommended for fund finance transactions where a QIAIF is a feeder fund sitting over a borrower. In other words, the feeder QIAIF grants security to the borrower and the borrower then onwards assigns the benefit of that security to the lender/security agent.

# Matheson Fund Finance team

During the course of 2025, the CBI relaxed the guarantee prohibition and announced that the guarantee prohibition would fall away entirely as part of Ireland's implementation of AIFMD 2.0. For more information regarding these developments, see [here](#) and [here](#).

Ireland transposed AIFMD 2.0 on 1 May 2026 and published its revised AIF Rulebook on 5 May 2026, which confirmed that QIAIFs are now permitted under regulation to guarantee the obligations of third parties.

This is a very welcome development for fund finance transactions and aligns the QIAIF regulatory regime in Ireland 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.



Alan Keating

Partner and Head of New York Office

☎ +1 646 354 6584

@ alan.keating@matheson.com



Lisa Tait

Partner

☎ +353 1 232 2556

@ lisa.tait@matheson.com



Gearoid Murphy

Partner

☎ +353 1 232 2709

@ gearoid.murphy@matheson.com

# Matheson

This Matheson LLP (“Matheson”) material contains general information about Irish law and about our legal services. It is not intended to provide, and does not constitute or comprise, legal advice and is provided for general information purposes only. Please do not act or refrain from acting on the basis of any information contained in this material without seeking appropriate legal or other professional advice.

## DUBLIN

70 Sir John Rogerson's  
Quay,  
Dublin 2  
Ireland

T: +353 1 232 2000  
E: [dublin@matheson.com](mailto:dublin@matheson.com)

## CORK

Penrose One,  
Penrose Dock,  
Cork, T23KW81  
Ireland

T: +353 21 465 8200  
E: [cork@matheson.com](mailto:cork@matheson.com)

## LONDON

7th Floor, Octagon Point,  
5 Cheapside,  
London EC2V 6AA,  
UK

T: +44 20 7614 5670  
E: [london@matheson.com](mailto:london@matheson.com)

## NEW YORK

250 Park Avenue  
New York,  
NY 10177  
United States

T: +1 646 354 6582  
E: [newyork@matheson.com](mailto:newyork@matheson.com)

## PALO ALTO

228 Hamilton Avenue,  
3rd Floor,  
Palo Alto, CA 94301  
United States

T: +1 650 617 3351  
E: [paloalto@matheson.com](mailto:paloalto@matheson.com)

## SAN FRANCISCO

95 Third Street  
San Francisco  
CA 94103  
United States

T: +1 415 423 0540  
E: [sf@matheson.com](mailto:sf@matheson.com)