

Fund Registration Briefing

UK - Timeframe and Roadmap for the Overseas Fund Regime Published

May 2024

On 1 May 2024, HM Treasury and the FCA published “A roadmap to implementing the Overseas Fund Regime (OFR)” which sets out the key stages and timeframes for the opening of the UK market for EEA UCITS (excluding money market funds (MMFs)) which have been granted equivalence.

Timeframe

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| Q2 2024 | Legislation to enact the equivalence decision in favour of EEA UCITS and to extend the TMPR until end of 2026. |
| Jul 2024 | FCA Final Rules for OFR funds likely to come into effect. |
| Q3 2024 | Consultation on application of UK Sustainability Disclosure Requirements (SDR) and labelling expected to be published. |
| Sep 2024 | The OFR opens for non-TMPR funds to apply for recognition. |
| Oct 2024 | OFR opens for standalone TMPR funds. |
| Nov 2024 | OFR opens for TMPR umbrella schemes. |
| H2 2025 | If the UK decides to legislate on SDR and labelling for OFR funds, legislative requirements relating to same likely to come into force. |
| Sep 2026 | Final landing slot for non-MMF TMPR schemes. |
| Dec 2026 | End of TMPR for non-MMF funds. Government can choose to extend TMPR for MMFs. |

Application Process

Applications for recognition under the OFR will be made through the FCA Connect system.

New applicants to the UK market (not registered in the TMPR) will be able to apply as soon as the OFR gateway opens in September 2024.

There will be a series of “landing slots” for funds in the TMPR. Each fund operator (Management Company) will be allocated a three-month landing slot, usually by alphabetical order of name, in which it will be invited to apply for OFR recognition of all its TMPR funds (except for MMFs). The process will be staggered,

with a new landing slot opening each month in sequence.

Applications may be made at any point during the landing slot, but no later. Funds which miss their allocated landing slots will be removed from the TMPR and will cease to be a recognised scheme and cannot be marketed in the UK until a successful application under the OFR has been made and the fund becomes recognised again.

Applicants will receive approval or refusal of recognition from the FCA within two months of submission.

Note: While detail is still incomplete, the funnelling of all applications by the Management Company as operator within a three-month landing slot is likely to cause significant issues for larger Management Companies, particularly those whose landing slots open at the start of the process (based on alphabetical order). The data requirements set out in the OFR consultation in December 2023 were extensive, and in many cases, class specific, and require the provision of data which is not readily available. The final rules for the OFR (including data collection) are not due to be published until July 2024. This will afford Management Companies limited time to collate and validate the necessary information for all the funds for which it is responsible prior to making application under its landing slot.

Money Market Funds

MMFs are not in scope of the Governments equivalence decision and will remain within the TMPR while the Government designs a more permanent access route. The Government consulted on this in December 2023. The TMPR is scheduled to close at the end of December 2026 but maybe extended as necessary.

Where an umbrella within the TMPR contains a mix of MMF and non-MMF sub-funds, the operator will be allocated a landing slot and invited to apply for recognition of all non-MMF sub-funds, without that process affecting the status of the MMF sub-funds.

Operational Rules of the OFR - The FCA will publish the operational rules and policy feedback from its December 2023 consultation in advance of the OFR accepting applications, likely to be in July 2024. These rules will address:

- Information to be included as part of the application;
- Requirements for ongoing notifications;
- Application and ongoing fees under the OFR;
- Information to be disclosed to investors about access to the Financial Ombudsman Service and the Financial Services Compensation Scheme;
- UK Facilities to be provided to shareholders.

Retail Disclosure – The Government and the FCA are developing a new framework for retail-facing financial services products. This new retail disclosure regime will also apply to overseas recognised funds and the FCA will consult on this in due course. It is expected that overseas funds will be required to follow any such FCA rules from 1 January 2027 at the latest.

SDR and Labelling – The Government intends to consult on whether the UK SDR and labelling regime should be extended to include funds operating under the OFR. This consultation is expected to run from Q3 2024. If it is decided to extend this regime to OFR funds, the Government would expect any such legislation would come into force in the second half of 2025 and the FCA would finalise rules and determine how new rules would apply to funds already recognised under the OFR before that time.

Data Collection – The FCA will collect information from funds within the OFR to oversee the functioning of the OFR. These rules will not apply immediately, and the FCA will consider the ongoing reporting requirements for OFR funds as part of a wider ongoing review of data reporting for funds.

The roadmap notes that the proposed timeframes are subject to change.

We will continue to keep you updated of further information as it becomes available.

Our Offices

Dublin

33 Sir John Rogerson's Quay
Dublin 2
Ireland
Tel: +353 1 667 0022

Cayman Islands

Landmark Square
West Bay Road, PO Box 775
Grand Cayman KY1-9006
Cayman Islands
Tel: +1 345 949 0022

New York

33 Irving Place
New York
NY 10003
United States
Tel: +1 212 792 4166

Tokyo

12th Floor,
YurakuchoItocia Building
2-7-1 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan
Tel: +813 6860 4885

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