

HEDGE FUNDS & STRUCTURED PRODUCTS BULLETIN

June 2006

LOOKING FOR OFFSHORE INVESTORS?

CONSIDER LISTING YOUR HEDGE FUND ON THE IRISH STOCK EXCHANGE

The Canadian hedge fund industry has grown dramatically over the past decade. Where previously there were only a few participants in the Canadian hedge fund space, today there are several highly skilled Canadian hedge fund managers - many of which are ready to export their expertise globally.

To access foreign investment, a Canadian hedge fund manager will often establish an investment fund in an offshore jurisdiction, such as the Cayman Islands or British Virgin Islands. In some circumstances a "master/feeder fund" structure will be desirable. While this type of platform is common and will be familiar to many foreign investors, a hedge fund's marketability can be enhanced through an Irish Stock Exchange ("ISE") listing.

THE ARGUMENT FOR ISE LISTING

An ISE listing can expand a hedge fund's universe of potential investors. Some categories of investors (e.g. pension funds, institutional investors, trusts) may have limitations on or may be entirely prevented from investing in securities that are not listed on a recognized stock exchange. Some jurisdictions, including France, prohibit the sale of a fund of funds unless portfolio funds are regulated or listed on a recognized exchange. Furthermore, some investors are simply uncomfortable investing in funds that are not subject to a recognized level of regulatory scrutiny. An ISE listing may open your hedge fund to these types of investors.

The ISE is a long-established and reputable European stock exchange that has received relevant recognition from market authorities in most major jurisdictions. In many cases, an ISE listing will satisfy public and private investment restrictions for pension funds, institutional investors and trusts. Further, investors are often satisfied that the ISE requirements for reporting NAV, continuous disclosure and other quasi-regulatory matters meet their standards in ensuring investment transparency and ongoing due diligence. In addition, the ISE's publicly accessible system for reporting fund values permits investors to track fund values daily, allowing for mark-to-market portfolio management and reporting. Lastly, lying between North America and Asia, Ireland has timely access to all markets and its time zone ensures global coverage for investors and portfolio managers. Due in large part to these advantages, there are now over 4,200 investment funds and sub-funds listed on the ISE.

WHAT YOU SHOULD KNOW

When deciding whether to list your fund on the ISE you should consider the following:

Speed. Committed to meeting tight timelines, the ISE's standard turnaround times are five days for new funds and two days for redraft submissions. The ISE strictly adheres to these times and offers even quicker turnaround for an additional "fast-tracking" fee. In our experience, ISE staff have proven to be both accessible and focused on business development.

Costs. The ISE and Irish investment fund industry are united in seeking to maintain Ireland as a leading funds centre. Listing and annual fees are competitive with other listing centres' fees.

Straightforward Listing Regime. Non-Irish investment funds are generally exempt from domestic Irish securities regulation. ISE listing requirements are generally the only Irish compliance obligations relating to an ISE listing.

Tax Implications. Non-domiciled funds face no Irish tax consequences for listing on the ISE, even when administered in Ireland.

THE PEOPLE WHO CAN HELP

McMillan Binch Mendelsohn has the largest hedge funds practice in Canada. Our Hedge Funds & Structured Products Group has extensive experience helping Canadian hedge fund managers access foreign markets. From addressing compliance issues to creating domestic and offshore funds and master-feeder structures, our team, together with our network of offshore service providers, can help you build a solid platform for accessing international investors.

To learn more about ISE listings, contact Michael Campbell (michael.campbell@mcmbm.com) or Mark Lobsinger (mark.lobsinger@mcmbm.com) or your McMillan Binch Mendelsohn lawyer.

The information above provides only a selective overview of some considerations relevant to listing on the Irish Stock Exchange. Decisions respecting an ISE listing should not be made based solely on this material. Rather, a qualified lawyer should be consulted.

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For further information, you may also contact one of the following partners listed below:

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