Our organisation welcomes the opportunity to provide feedback in relation to Funding Levy Consultation paper issued by the Central Bank. In relation to any publication of this specific response, while it is clear that the details of feedback may be published in full, we request that the name of our organisation is withheld from publication.

We would note in general:

- the increased cost of regulatory supervision over the last eight years both via local and European mechanisms
- that while the general principle of 'user pays' is established, funding mechanisms should be set to ensure that they are:
    - transparent - regarding the basis of levy charge, calculation and alignment with the supervision activity performed on payers
    - predictable - support the ability of the payers to validate/recalculate/project the levy charges and the correctness of the calculation
    - equitable - reduce volatility from year to year for payers and promote consistency and proportionality in treatment of regulated entities with similar characteristics and activity.
- the consideration that a multi-year budgetary approach be considered by regulators to its expenditures which may mitigate the volatility in the amounts levied on regulated entities from year to year
- that any movement to an increased industry percentage contribution (from the current 50% level) be made on a phased basis

In relation to the new proposed methodology for Credit Institutions we would like to emphasise our particular areas of concern on:

1. Potential lack of certainty and consistency of categorisation:
    - The consultation refers to the assessment of Credit institution categorisations, and then indicates that further criteria ('high priority' and 'retail') as a parameter for reclassification from one category to another. It would be preferable to have greater information and certainty on the specific criteria which would be invoked as the basis for classification and reclassification, which can materially affect the level of assessment for levy.
2. Potential for mismatch between categorisation of levels of payment for individual payers:
    - There appears to be no maximum individual total for Credit Institutions in category A or B (larger and smaller institutions), and no apparent mechanism to prevent the largest payer in Cat B to be a larger individual payer than Cat A entities which could arise dependent on the number and size of SI and LSI entities reclassified in each group. Such a disproportionate result would appear to be at variance with stated intention that the charge be equitable.
3. Limited transparency of calculation:
    - As the methodology for Credit Institutions is based on the relative proportion of the payer's inputs versus all other payers in its category, re-calculation of the charge will be impossible for individual entities to reproduce independently or validate. This lack of transparency to validate or assess calculation is of considerable concern.
4. Lack of predictability or certainty of future charge:
    - The calculation of the charge for Credit Institutions will be impossible for individual entities to predict with any certainty, being based on the entity relative to its proportion of all other entities in the category. This lack of ability to predict over time is of considerable concern.
5. Lack of exemptions, reductions, based on individual status or circumstances.
    - There would appear to be no ability to incorporate into the calculation other quantitative or qualitative factors which are relevant to the activity and stability of the entity under assessment such as its level of support from parent, related parties, voluntary or mandatory restrictions on its business model or mode of operations which are highly relevant to its supervision (such as being in the process of wind-down).

We would support a broad retention of the current methodology or variation on the current methodology which relates pre-set levels of charge to organisational size and risk as an alternative which would avoid much of the potential volatility and lack of consistency in the new proposed methodology.