

# A&L Goodbody

Our ref | MFB/NG

Your ref |

Date | 31 October 2013

CAR Consultation  
 Securities and Markets Supervision Division  
 Central Bank of Ireland  
 Block D  
 Iveagh Court  
 Harcourt Road  
 Dublin 2



Submitted via e mail to

[CARconsultation@centralbank.ie](mailto:CARconsultation@centralbank.ie)

## Re: Consultation Paper CP 71, Client Asset Regulations and Guidance

Dear Sir/Madam,

We welcome the opportunity to respond to the consultation on Client Asset Regulations and Guidance. We have contributed to the response of the Irish Fund Industry Association (IFIA) to CP71 and endorse their response. To avoid unnecessary repetition, we do not propose to repeat the reasoning and responses set out in the IFIA response, unless we are of the view that this adds value.

We would make some general points for emphasis.

- We endorse the Central Bank's goal of protecting client monies through the mitigation of risk of misuse of client assets and the provision of a system to enable expeditious and efficient return of investor and client monies in the event of insolvency. However there are some specific procedural and operational factors that are particularly relevant to the Funds Industry in Ireland and accordingly, we believe that the application of the CAR to investment funds must be very targeted.
- We welcome the Central Bank's confirmation that where the collection accounts are held as an asset of the fund, the Regulations do not apply, as outlined in Page 4 of the Guidance on Client Asset Regulations.
- We echo the IFIA request for a transitional period.
- We likewise echo the IFIA concerns regarding funding of shortfall.
- We do not see the value of issuing receipts in the context of the CAR, given the investment process and documentary and timing requirements which already apply in the funds context. We suggest that receipts are likely to confuse investors. Similarly, the CAKID is likely to cause confusion where investors may have received the UCITS KIID (or the forthcoming PRIPs KID) and will be receiving confirmation of their investment. Funds are already obliged to fully disclose risks and the investment process to investors. If the fund has complied with its obligations in this regards, it should not be necessary for the Fund Service Provider to also do so. This is likely to add to costs and possibly confuse investors.

Dublin Belfast London New York Palo Alto

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We trust that the above is clear and of assistance. If you require any clarification on any points made in this letter please do not hesitate to contact us at [nryan@algoodbody.com](mailto:nryan@algoodbody.com) or [orngreene@algoodbody.com](mailto:orngreene@algoodbody.com)

Yours faithfully



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