

BCP

By email to INVFIRMSpolicy@centralbank.ie

10th March 2021

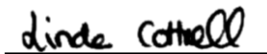
Markets Policy Division
Central Bank of Ireland
PO Box 559
Dublin 1

Re: Consultation Paper 133 – Consultation on enhancements to the Central Bank Client Asset Requirements, as contained in the Central Bank Investments Firms Regulations

Dear Sir/Madam,

We welcome the opportunity to provide you with comments in respect of Consultation Paper 133. Please find enclosed the response of this firm in relation to the above.

Yours faithfully,



Linda Cottrell
Head of Client Asset Oversight

With regard to the 46 questions outlined in the Consultation Paper, we wish to comment on the following items:

Question 3: Are there any unintended consequences that might arise as a result of extending the scope and application of the CAR to credit institutions?

In the event that the Central Bank increases their CAST resources to deal with the credit institutions, we would expect that this would be appropriately funded by the additional credit institutions. To not do so would lead to an increase in the CAR Supplementary Levy for all relevant Firms or to an increase in the general regulatory levy. We do not believe either outcome is in the best interests of regulated Firms, particularly smaller MiFID Firms.

Question 22: Do you agree with the Central Bank's proposal to clarify in the CAR guidance the expectation that client funds should be deposited directly into a third party client asset account? If not, please explain why.

Yes, but clear guidance needs to be provided on situations where funds are deposited in error (outside the control of the firm itself) or where a mixed remittance is received into a firm bank account.

Question 30: Do you agree with the Central Bank's proposal to require investment firms to place money, financial instruments or a combination of both from the investment firm's own assets into the relevant third party client asset account to address a client financial instrument shortfall identified through the performance of an 'internal' reconciliation of client financial instruments? If not, please explain why.

Further clarification is required on how to deal with a shortfall arising from the 'internal' reconciliation, the proposed enhancements state the firm will be required to address the shortfall by depositing money, financial instruments or both from the firm's own assets into the relevant third party client asset account and that these assets should be segregated in a third party client asset account. We would have a concern that this would mean a firm will have to open a separate client asset account with each third party for the sole purpose of transferring firm assets to address very infrequent shortfalls identified.