

11 May 2021

Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3

(submitted via email to CP136@centralbank.ie)

**Re: CONSULTATION PAPER 136 (CP136)
ENHANCING OUR ENGAGEMENT WITH STAKEHOLDERS**

Introduction

The Bank of New York Mellon Corporation (BNY Mellon) is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. As one of the world's largest investment services and investment management firms, BNY Mellon welcomes the opportunity to respond to the Central Bank of Ireland's consultation paper (CP136) on enhancing the Central Bank's engagement with stakeholders.

BNY Mellon operates in Ireland through various regulated entities, including:

- The Bank of New York Mellon SA/NV, Dublin Branch
- BNY Mellon Fund Services (Ireland) Designated Activity Company
- Pershing Securities International Limited
- Insight Investment Management (Europe) Limited

Collectively, these entities encompass a wide range of regulated activities, including credit institution, service provider to funds, investment business firm, UCITS manager, AIFM and MiFID investment firm. Our activities in Ireland include custody, trust & depositary, fund administration, corporate trust, broker dealer services and investment management – together covering a significant part of the investment lifecycle. BNY Mellon is one of the major post-trade service providers in Ireland.

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With a presence in Ireland for over 25 years, BNY Mellon operates through offices in Dublin, Cork and Wexford, and employs over 1,000 people in Ireland.

BNY Mellon provides services to clients and end-users of financial services globally. Accordingly, BNY Mellon is keen to ensure global financial markets operate fairly and consistently, and that common standards are implemented in a way that ensures a level playing field.

General Comments

BNY Mellon welcomes this consultation by the Central Bank, and the opportunity to respond. Our responses to some of the consultation questions are contained in Annexure "A".

BNY Mellon looks forward to further engagement with the Central Bank of Ireland, both directly and through industry associations, as the Central Bank enhances its engagement with stakeholders.

Should the Central Bank wish to discuss our response with us, please contact Paul Gough of our EMEA Public Policy & Government Affairs team at [REDACTED], and he will make the necessary arrangements.

Paul Kilcullen
CEO of BNY Mellon Fund Services (Ireland) Designated Activity Company
and BNY Mellon Country Head for Ireland

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ANNEXURE “A” - Responses to Specific Questions

Proposal 2 – Industry Engagement

Q4: Do you agree that the Central Bank should look to formalise the current industry roundtable roundtables to discuss cross-sectoral, strategic issues relating to the financial system as set out above?

&

Q5: If yes, are there any suggestions you would like to make regarding the establishment of such a forum?

BNY Mellon welcomes the proposal to establish a twice-yearly industry forum to discuss cross-sectoral, strategic issues. In particular, we agree with:

- the proposed frequency of twice-yearly;
- capping the industry representation at 20 people; and
- organising the industry representation via industry associations.

We also provide the following comments:

- The industry forum should not replace the existing engagement by the Central Bank with specific sectors and firms – such engagement remains vital, particularly for sector-specific issues. However, where there are topics that are better dealt with in the forum, there is no need for duplication.
- The industry forums should be held separately from the proposed Financial System Conference, so that each forum is a significant event in its own right, rather than an adjunct to the conference. It is important that each forum meeting obtains sufficient focus from industry and the Central Bank, with clear outputs from the forum meeting, rather than being viewed as a lead-up to the Financial System Conference. The role, scope and purpose of the forum and Financial System Conference are different.
- It is vitally important that the representation from the Central Bank consists of sufficiently senior management, as well as any subject matter experts for the topics at hand.
- Where appropriate, and depending on the topic, it may be appropriate to have representation from the Department of Finance. Alternatively, it may be appropriate to have representation from the Department of Finance as observers.
- For some topics, it may be useful to have guest presenters.

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- We agree with the cap of 20 people from industry, as this strikes the right balance between the forum being sufficiently representative of the various sectors in the Irish financial services industry, and the forum being sufficiently small to enable contribution to the discussion by all present.
- Broadly speaking, we agree with the proposal for each relevant industry association to provide their CEO (or equivalent) and one board member representing a member firm. However, we note that there may need to be some flexibility regarding the representative provided by the industry association – we think it should be possible to provide someone other than the CEO if that person is sufficiently senior and has authority to represent the industry association.
- There may need to be some flexibility in regard to the composition of the group of 20, to ensure that regions outside of Dublin are represented and to ensure appropriate gender balance.
- At this stage, we do not think it is necessary to have detailed rules regarding terms of appointment or mandatory rotation of forum members. Ideally there will be a balance between continuity and rotation to enable a mix of experience and new thinking. However, clarity on how this will work at the outset would be welcome.
- In some cases, it may be appropriate for certain industry associations to have a higher number of representatives to reflect the relative importance of that sector. For example, Banking & Payments Federation Ireland (BPMFI) have a division for international banks – the Federation of International Banks in Ireland (FIBI). Given Ireland’s role as a major international financial centre and as a location for foreign direct investment, we would support BPMFI having an additional seat to be filled by a FIBI representative so that the international banking sector is directly represented at the forum.
- The forum should focus on cross-sectoral, strategic, *and forward-looking* issues. We agree that the forum is not the best place to review effectiveness of existing legislation/rules, even if this is cross-cutting. The forum should be considering topics (both opportunities and risks) that will shape the Irish financial system over the next five, ten or fifteen years – rather than spending too much time looking back at the past.
- The forum should have a specific focus on innovation (including product development), and the competitiveness and strategic positioning of the Irish financial sector. We note that some other jurisdictions include competitiveness and international standing as part of their objectives. It is important that Ireland’s legal and regulatory framework encourages innovation.
- Agendas should be prepared sufficiently in advance, and input sought from forum members on what the agenda items should be. Advance preparation of agendas is important, so that the forum does not become a “*tour-de-table*” on particular concerns for each industry association (which may not be of interest to other

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sectors, nor sufficiently strategic, innovative and forward-looking in terms of the objectives of the forum).

- The Central Bank should consider introducing an annual “firm feedback survey”, similar to the UK Prudential Regulation Authority’s Firm Feedback Survey. This survey would provide firms the opportunity to comment on their experience of being supervised. This may generate some strategic, forward-looking agenda items for discussion at the forum.
- Clarity should be provided on whether the discussions at the forum will be a matter of public record, or whether discussions will occur on a Chatham House basis (with perhaps a summary of the key points of discussion issued by the Central Bank). There may need to be a balance between the public interest in knowing what was discussed, and the ability of forum members to speak freely and frankly.
- The desired output of the forum must be clear – what is the output and how will it be documented? And what does good look like? For example, the forum’s terms of reference could state that the outputs and conclusion of the forum will form part of the Central Bank’s setting of priorities and help shape the Central Bank’s strategic plan. In addition, the agreed outputs of the forum should be tracked through to delivery to ensure effective implementation and accountability.

We also welcome that the Central Bank proposes to enhance engagement with civil society, consumer representatives, and the wider business community beyond financial services (Proposals 1 and 4) – as it is important that all stakeholders are involved. We have not commented on the specifics of these proposals, as we think it is more appropriate to leave this for the relevant stakeholders to respond directly.

Proposal 3 – Financial System Conference

Q7: Do you have any observations in respect of the proposed Conference?

We welcome the proposal for the Financial System Conference. However, we think this should be a standalone event, separate from the twice-yearly industry forums, for the reasons described in our response to Questions 4 and 5.

Furthermore, if the Financial System Conference is to be an event involving all stakeholder groups (including civil society, consumer groups and the wider business community), it is important that the Conference is seen to be held separately from the Central Bank’s forums with each of these groups and the financial industry.

Although the event would be “invitation only” following a call for interested attendees, the event should be webcast live so that anyone can follow it.

In addition to representatives from stakeholder groups, it may also be useful to have guest presenters/specialists/policymakers from EU agencies and other jurisdictions for some of the panel sessions.

We would also suggest that the location of each physical Conference is rotated, including in regional locations.

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