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Central Bank of Ireland
PO Box 556
Dublin 1

11 May 2021

Re: Consultation on Enhancing our Engagement with Stakeholders – CP 136

Dear Sir/Madam,

We welcome the opportunity to comment on this Consultation Paper titled “Enhancing our Engagement with Stakeholders” (the “**Consultation Paper**”).

Irish Funds is the representative body of the international funds and asset management community in Ireland, representing 151 member firms spanning fund managers, custodian banks, administrators, transfer agents, professional advisory firms and other specialist firms involved in the international fund services industry in Ireland. Our vision for the industry is for Ireland to be a premier location to enable and support global investing through a reputation for trust, capability and innovation. Some of our core values in seeking to achieve this vision are collaboration, a commitment to achieving better outcomes for investors, including society and community engagement, as such these values are very much aligned with what the Central Bank is seeking to achieve in this Consultation Paper.

Ireland is a leading centre for the domiciliation, management and administration of collective investment vehicles, with industry companies providing services to collective investment vehicles with assets totaling in excess of €5.3 trillion. The funds and asset management industry is highly regulated and the ability to provide a well-regulated environment for investment funds and investment fund services is a substantial and proven part of Ireland’s international financial services offering. Our industry has been a consistent and growing part of the internationally traded financial services landscape in Ireland for over thirty years.

At the outset, we welcome the initiative to review and update the Central Banks stakeholder engagement framework. We particularly welcome the clear statements in the consultation that the consultation is focused on enhancing and augmenting the Central Banks existing engagement with stakeholders. We acknowledge and appreciate the considerable engagement the funds and asset management industry has with the Central Bank which is necessary in a significantly regulated sector that is continually evolving and developing to keep pace with investors needs and international policy developments.

As the financial services industry develops and grows the relationship between the sector and its regulator, the Central Bank, should also develop and we see the current proposals as a further step in the evolution of the relationship between the Central Bank, the

sectors/firms it regulates and users of financial services. While we will not always agree, we firmly believe that good communication channels and robust but respectful discussion are critical to support the development and evolution of the jurisdictions financial services offering.

Our response to the questions posed are focused on enhancing and augmenting the existing industry engagement.

Questions

1. Do you agree with the proposals outlined above to enhance the role of the Consumer Advisory Group? What further enhancements could be made, given its statutory mandate?

Response:

As the asset management industry service a predominately international investor base as opposed to a domestic investor base it is unclear how the views of international consumers might be captured, although we recognise that the views of an international consumer might be a matter for a local/host regulator. If the Central Bank is comfortable that its Consumer Advisory Group is reflective of an international consumer and/or that through dialogue with peer regulators the international consumer perspectives are understood we are comfortable with the proposals contained in the consultation paper.

Additionally, we would note the broad and diverse consumer base including for example, households, institutional investors, pension funds, etc and would suggest that the composition of the Consumer Advisory Group should be capable of capturing such broad and diverse consumer perspectives.

2. Do you agree with the proposals outlined above to enhance the role of the Civil Society Roundtable?

Response:

We are supportive of the proposed enhancing of the role of the Civil Society Roundtable but would again note the international nature of the fund management industry as referenced in our response to Q1.

3. What other formal or informal mechanisms could the Central Bank consider to engage with civil society and consumer groups to ensure their perspectives and insights into the financial system are considered in decision-making?

Response:

We note the increasing speeches and participation by Central Bank staff in the local community, this is something we are supportive of and believe that an additional benefit to such enhanced engagement is greater financial literacy and understanding of financial services in general.

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

Response:

We are supportive of the industry forum roundtables being formalised and enhanced however, feel the proposed enhancements do not maximise the opportunity presented for the Central Bank to gather insight and intelligence from industry as to potential opportunities/challenges faced by the various sectors and the jurisdictions financial services environment in general. We have set out in our response to Q5 how we believe the Central Bank might structure its engagement with industry so as to capitalize on the insight and feedback available through industry discourse.

We have also reviewed the engagement structures/models available in a number of major jurisdictions and note many have broad and comprehensive consultation and engagement models. We believe that an open formal dialogue between the Central Bank and industry will enrich both parties understanding of the future strategic direction of financial services and the jurisdictions positioning. We have set out in Appendix I details of engagement regimes available in a number of other jurisdictions, many of which are established on a statutory basis.

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

Response:

The proposed enhancements to the industry forum roundtables are welcomed. In addition, we have set out below a number of suggestions that would allow the Central Bank to gather broader and deeper feedback from stakeholders;

Suggestion 1

Where such forum must support the Central Banks strategic plan, as the Governor is owner of that plan, it would be essential that the forum be Chaired by the Governor of the Central Bank.

Suggestion 2

The proposal suggests a full day meeting in Feb/March and a half day meeting in September/October. We would suggest splitting the proposed full day meeting and having two half day meetings instead. We believe 3 half day meetings one in Feb/March, one in June/July and a third in October/November would be more appropriate, avoid participants potentially becoming fatigued and maximise the opportunity offered by such meetings.

We suggest that all meetings be focused on stakeholder engagement and as such separate and distinct from the proposed Financial System Conference.

Suggestion 3

We believe it appropriate to cap the number of participants at 20, any more would potentially

be excessive and risks the forum becoming too broad. We feel that a cap at 20 provides a good balance between a largely inclusive forum and an effective one.

Suggestion 4

We believe such a forum should have a standing agenda item that is forward looking and strategic, seeking views from participants as to industry trends and the strategic direction of the sector(s), so as to assist both the Central Bank and industry to understand the future direction of travel of the financial services industry and plan/prepare the jurisdiction.

Additionally, the forum should focus on providing feedback to support the effectiveness of the Central Bank in delivering on its mandate. It should be active in bringing to the attention of the Central Bank issues of significance, which are or may be impacting on the Central Bank executing its strategic plan or matters that arise as a result of considered feedback from stakeholders.

Suggestion 5

The forum should commission an annual survey of industry firms in order to help the forum identify issues which may require discussion/consideration/guidance (for further details see our response to Question 8 below).

Suggestion 6

In establishing the forum it would be useful to set out some operating conditions, for example; objectives for the group, timelines for delivery of objectives, what does success of the group look like, how decisions are to be taken, how the work of the group might be communicated, etc.

6. If no, how do you think the Central Bank should seek to discuss cross-sectoral, strategic issues relating to financial sector oversight with the relevant industry stakeholders?

Response:

Not applicable.

7. Do you have any observations in respect of the proposed Conference?

Response:

We are supportive of this proposal and acknowledge the excellent Conferences' the Central Bank previously organised in particular their Conference on Outsourcing in April 2019 and the Exchange Traded Funds Conference in November 2017. While we note the suggestion, in proposals 2 - Industry engagement, that "*The second meeting would coincide with the new proposed Financial System Conference*" we believe the Conference should be a separate initiative to that of any stakeholder engagement forum. We believe the Central Bank to be well placed to attract high calibre speakers from both supervisory and industry perspectives to contribute to such a Conference and feel that this is and should be kept as a separate and distinct initiative to the stakeholder roundtables.

8. Are there formal or informal mechanisms that you think the Central Bank should consider to ensure the perspectives of the business community are heard and contribute to the Central Bank's decision-making?

Response:

Following our review of international practice, we believe that there is strong precedent to establish a more comprehensive engagement model and suggest that the enhancements currently proposed in the consultation paper is the first phase of such enhanced engagement with stakeholders. We have set out in Appendix I details of engagement structures available in several other jurisdictions.

Additionally, we note from our research that structured surveying is a foundational aspect of multiple models in other jurisdictions as a means of providing external input and indicating potential areas of focus. As such the forum should consider commissioning an annual survey to assist the forum identify matters that may warrant further focus and help fulfil its objectives. We believe the forum should undertake the survey in a manner similar to the FCA's Practitioner Panel. We feel this could be a particularly relevant and useful tool, which among other matters could help inform the forum on how the Central Bank is achieving its operational objectives, in particular theme #5 - Engaging and Influencing from the Central Bank's Strategic Plan¹. Further detail on the FCA's Practitioner Panel and the annual survey it undertakes can be found in Appendix II.

While there may be some concern that such a survey could simply provide an opportunity for firms to air frustrations, grievances, etc it is our experience that firms are typically reluctant to be critical of their supervisor/regulator. We believe that where such a survey is undertaken by an appropriate and experienced third party such third party should be able to differentiate individual/specific grievances from genuinely held concerns. Additionally, any feedback should be assessed in aggregate so as to only identify broad industry concerns rather than individual/specific entity concerns.

9. Are there any other matters that the Central Bank should take into account or practical steps it should take, to engage more effectively with domestic stakeholders, as it works to develop its overall strategy for stakeholder engagement?

Response:

The Central Bank is increasingly collecting significant data from industry firms. We believe that it should be an aim of the Central Bank, where possible, to provide aggregated feedback/analysis of the data that has collected. This would be beneficial to industry particularly given the time and effort that goes into providing data to the Central Bank.

We hope you find these comments helpful, and we remain at your disposal to discuss the issues raised in this response further.

¹ <https://www.centralbank.ie/docs/default-source/publications/corporate-reports/strategic-plan/central-bank-of-ireland-strategic-plan-2019---2021.pdf?sfvrsn=5>



Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. Casey', written in a cursive style.

Declan Casey
Director Legal and Technical

Appendix I

International stakeholder engagement

Research was performed into existing industry-regulator strategic engagement models in a variety of other EU Member States; United Kingdom, Germany, France, the Netherlands and Spain. Please find below a brief summary of key insights gathered in this regard.

a) United Kingdom: Financial Conduct Authority (“FCA”)

- In the UK the FCA is required to consult on the impact of their work with four independent statutory panels², namely the; Financial Services Consumer Panel, Practitioner Panel, Smaller Business Practitioner Panel and Markets Practitioner Panel. These panels represent the interests of consumers and practitioners, including smaller regulated firms and financial market participants. They play a welcome role in both advising and challenging the FCA, and bring a depth of experience, support and expertise in identifying risks to the market and to consumers. The FCA consider their views when developing our policies and when deciding and implementing other regulatory interventions.

b) Germany: Federal Financial Supervisory Authority (“BaFIN”)

- The BaFIN Advisory Board³ advises BaFin bi-annually on issues related to its supervisory duties and assists BaFin in the further development of supervisory principles.
- The Advisory Board is comprised of 24 representatives from academia, the banking and insurance industries, consumer protection organisations and the Deutsche Bundesbank.

c) France: Autorité des Marchés Financiers (“AMF”)

- In France the AMF set up five Consultative Commissions⁴ - one Commission for each of the AMF's main areas of action. Comprising financial market participants, experts in management or market operation, representatives from professional associations or investor advocacy groups. The five AMF Consultative Commissions help formulate policy in the light of developments affecting products, market structures and the legal and financial environment, both domestic and international. The Board consults the commissions on draft legislation and emerging regulatory issues.
- Each Commission comprises 20 or so experts and is devoted to a specific area of AMF action:
 - Retail Investors
 - Markets and Exchanges

²<https://www.fca.org.uk/about/uk-regulators-government-other-bodies/statutory-panels>

³https://www.bafin.de/EN/DieBaFin/GrundlagenOrganisation/Gremien/Fachbeirat/fachbeirat_node_en.html

⁴ <https://www.amf-france.org/en/amf/our-organization/consultative-commissions>

- Clearing, Custody and Securities Settlement
- Asset Management and Institutional Investors
- Disclosures and Corporate Finance

d) The Netherlands: De Nederlandsche Bank (“DNB”)

- The Management of the Dutch Central Bank (DNB) is overseen by the Governing Council. Sitting below this, the Bank Council of the DNB⁵ acts as the Governing board’s sounding board. The President of the DNB discusses priorities and policies pursued by the regulator and if requested to do so the Bank Council may advise the Governing Council.
- As part of their work on the Bank Council the representative bodies undertake regular surveys providing their perspective on the supervisory work conducted by the DNB.

e) Spain: Banco de Espana (“BDE”)

- In Spain Insurance, Reinsurance and Pension Funds are regulated by the General Directorate of Insurance and Pensions Funds (Dirección General de Seguros y Fondos de Pensiones or “DGSP”). Within the Directorate is the advisory board⁶ of insurance and pension funds. The Board is required under Spanish law to issue its opinion on issues submitted to it for consideration and to carry out the duties and studies requested by its President. The Board has several industry representatives who provide the perspective of the sector in completing their work.

f) ESMA - Securities and Markets Stakeholder Group⁷

- The Securities and Markets Stakeholders Group helps to facilitate consultation between ESMA, its Board of Supervisors and stakeholders on ESMA’s areas of responsibility and provides technical advice on its policy development. This helps to ensure that stakeholders can contribute to the formulation of policy from the beginning of the process.

⁵ <https://www.dnb.nl/en/about-us/organisation/organisational-structure/#idh2oszuwbd>

⁶ <http://www.dgsfp.mineco.es/en/DireccionGeneral/Paginas/JuntaConsultiva.aspx>

⁷ <https://www.esma.europa.eu/about-esma/governance/smsg>

Appendix II

UK Practitioner Panel

- The FCA Practitioner Panel⁸ sees their main role as being that of a 'critical friend' of the FCA. Their aim is to offer input on strategic and operational objectives in an effective manner. The panel meets monthly.
- The practitioner panel aims to provide early and effective practitioner input into the FCA's policy development, it has established several strategic priorities which are reviewed on at least an annual basis.
- The FCA and the Practitioner Panel undertake independently conducted joint surveys and publish the findings from these surveys⁹
- The Practitioner Panel has a statutory remit and believes that a well-functioning market considers elements including Care, trust, innovation and sustainability. Current areas of focus include:
 - Relationship with regulator - Balanced FCA communications; Clarity of expected outcomes; Principles-based supervisory approach; Reasonable, appropriate and proportionate impact; Co-ordinated approach within and between regulators; and Sustainability of regulation
 - Culture - Improving confidence and trust in industry; Behaviour, values and diversity; Better disclosure and consumer outcomes; and Treatment of vulnerable customers
 - Technological innovation and Data - Data sharing, privacy and evolution of Open Banking; Cyber security; RegTech; and Cryptocurrencies
 - Ageing Population - Strategic approach to meeting post-retirement needs; Pensions; and Long-term savings

Practitioner Panel Annual Report 2019/20



Practitioner Panel
Annual Report 2019-

Practitioner Panel Survey Report July 2019



fca-practitioner-pan
el-joint-survey-2019.

⁸ <https://www.fca-pp.org.uk/>

⁹ <https://www.fca.org.uk/news/news-stories/fca-and-practitioner-panel-publish-findings-2019-joint-survey>