

Markets Supervision Department
Financial Regulator
PO Box 9138
College Green
Dublin 2

22 May 2009

RE: DISCLOSURE OF GRANTS OF SECURITY OVER SHARES

To whom it may concern,

The Irish Banking Federation (IBF) welcomes the opportunity to comment on the proposed changes to the market abuse rules. The IBF is the leading representative body for the banking and financial services sector in Ireland, representing both domestic and international institutions operating in Ireland.

The IBF welcomes the overall intention of the proposals to increase transparency in the markets for shares and other securities. However, we do have some observations on the Consultation Paper (CP), particularly in areas where further clarity on the proposals might be provided. These are outlined in turn below;

1. The CP suggests that granting of security over shares could indicate a significant change in the level or nature of the PDMR's commitment to the company concerned. However, the CP does not provide any justification or evidence to justify this conclusion nor does it provide any illustrative examples. We would suggest that a full justification for the proposals be given together with examples where necessary. Without such a justification, it is difficult to assess the benefits of the proposals.
2. The CP does not make clear the responsibilities and liabilities relating to disclosure. Do the responsibilities for making disclosures and liabilities for failure to do so fall upon the PDMR, the company in which the shares are held, the company providing the loan, or a combination of any of these?
3. Where a PDMR pledges shares as security for a loan from a bank that is not the listed company for which they are a PDMR, the listed company will not necessarily know about the

transaction. Clarity about the actions that a listed company in such a position must take to discover the existence of such transactions would be helpful. Additionally, the CP is unclear whether the disclosure requirements would apply solely to a situation where the PDMR is obtaining a loan from a listed company in which he/she holds the shares which are being pledged as security.

4. Is there a percentage shareholding in a company, monetary transaction value, or other mechanism which would trigger a notification requirement? We would suggest that a minimum threshold level might be pragmatic.
5. The CP makes reference to formal and informal security. The meaning of the term 'informal security' is unclear. Perhaps clarification could be provided on the nature of these terms.
6. It is not clear from the CP whether the disclosure obligation applies to PDMR's of subsidiaries of listed companies, and whether there would be a distinction on the basis of whether such a listed company was in or outside of the State.
7. The CP refers to the ongoing work of CESR and the European Commission to review the operation of the Market Abuse Directive. However, the paper does not make clear the interaction between the proposed change and those initiatives, and whether any changes in Ireland will be made in parallel with any changes emanating from Europe.

With regards to the options given in the paper, we believe that some aspects of the options are legal rather than policy questions, and could be answered through an expert legal opinion.

We are available to discuss any aspect of the consultation or this submission, and look forward to receiving clarity on the issues raised.

Yours sincerely



Pat Farrell
Chief Executive
Irish Banking Federation