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Emily Shea
Investment Service Providers Supervision
Central Bank of Ireland
Block D Iveagh Court
Harcourt Road
Dublin 2

Response to Consultation Paper 52 (CP52) - Proposed Changes to Regulatory Reporting Requirements for Irish Investment Firms

Dear Ms Shea

The Bank of Ireland Group (the Group) welcomes the opportunity to respond to Consultation Paper 52 (CP52) regarding proposed changes to regulatory requirements for Irish investment firms. The Group has a number of entities which will fall within the scope of these regulatory reporting requirements. This response covers sections 2 and 3 of CP52.

The Group supports changes which increase the efficiency and effectiveness of regulatory reporting.

Question 1: Do you agree with our view that the implementation of the FINREP framework will not pose a significant issue for firms reporting in Irish GAAP?

We agree that the submission of templates using a common framework is a positive step towards standardising the financial information provided to the Central Bank by investment firms. However, we would note that the FINREP balance sheet and templates are largely designed to record the activities of banking entities and may not necessarily be an appropriate fit for investment firms, vis-a-vis balance sheet categorisations and line items.

While the Bank of Ireland Group completes its accounts on an IFRS basis, the audited statutory accounts produced for the Group's investment firms are prepared on an Irish GAAP basis.

The Group is closely following the IFRS/Irish GAAP convergence process for its subsidiaries.

There continue to be a number of areas where IFRS and Irish GAAP differ at a legal entity level, for example the treatment of pensions, i.e. the allocation of Group pension fund assets to individual legal entities.

The Accounting Standards Board (ASB) consultation phase is ongoing and the final outcome of the proposals is not known at this time. The ASB do not envisage any final standard to be effective before 1 July 2013.

Notwithstanding, the ASB's final proposals are not expected to require all entities to apply IFRS; the expected choice is between full IFRS, FRS for medium-sized entities (FRSSME) and the Financial Reporting Standard for Smaller Entities (FRSSE). There are significant differences between these frameworks. The application of FINREP during 2011 to MiFID and IIA non-retail firms would pre-empt companies determining which is the most appropriate accounting framework to apply.

As a result there are a number of challenges to producing IFRS compliant financial records for these entities by the timeframe outlined in the consultation paper.

Question 3: Upon reviewing the format and content of the non-core tables that we have selected for implementation, do you agree that the selected tables are appropriate for Irish investment firms? Are there any tables that you believe are not appropriate? Are there any other tables from the FINREP suite that you believe should be included?

The consultation paper states that the submission of non-core tables will be assessed on a firm-by-firm basis. In circumstances where a parent currently submits FINREP reports on a consolidated basis, will exemptions in relation to non-core tables which apply to the parent also apply to wholly-owned subsidiaries?

Question 5: Do you have any other general comments on the FINREP proposals outlined in Section 2.1?

Can the Central Bank confirm that the hard copy audited statutory accounts for Investment firms should continue to be prepared on an Irish GAAP basis, with IFRS adjustments being made to these audited results in order to submit them online on the FINREP framework?

Question 11: Do you have any comments or suggestions in relation to Table 3.2 Monthly Metrics Report?

In order to ensure harmonised reporting, there are a number of items in this return which would benefit from further clarification:

- Can the Central Bank confirm that the Monthly Metrics Report should be prepared using IFRS rather than Irish GAAP so as to be in line with FINREP?
- Our understanding is that 'Client assets' comprises 'Client funds' & 'Client financial instruments'. Can the Central Bank confirm that this is the case?
- Is the amount disclosed for 'Debtors' to exclude Intercompany amounts? The Group would welcome additional guidance on what items should be included under this heading. Is it limited to external trade debtors?
- Can the Central Bank clarify whether bank accounts held with a parent company should be included in "Bank and cash" or whether these should be classified as intercompany debtors?
- Can the Central Bank confirm that the Material Issues heading is limited to material regulatory breaches?

Question 12: Do you have any comments or suggestions in relation to Table 3.3 Quarterly Client Funds Report?

We note the introduction of three new questions relating to the entities' top 3 clients, the number of clients (for which monies is held) and the total of client fund bank accounts. It is important that the new online reporting process will comply with data protection requirements in respect of clients' personal data.

Question 13: Do you have any suggestions in relation to Table 3.4 Capital Adequacy Statement?

The Group does not envisage any particular issues with the changes to this return. Can the Central Bank confirm that the Capital Adequacy Statement should be prepared using IFRS rather than Irish GAAP so as to be in line with FINREP?

Question 14: Do you have any comments or suggestions in relation to Table 3.5 Quarter-end Assets under Management and Fee Income Submission?

It is important that the new online reporting process will comply with data protection requirements in respect of clients' personal data.

We would be happy to meet the Central Bank to discuss any aspect of our response.

Yours sincerely



Linda Ellis

Divisional Risk Partner Group & Central