



INVESTMENT
TECHNOLOGY
GROUP

Ground Floor, Georges Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel: +353 (0)1 633 8000 Fax: +353 (0)1 633 8010 www.itg.com

By email to: invest.consult@centralbank.ie

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

25 May, 2011

Re: CP52 – Regulatory Reporting (Section 4 & Section 5)

Dear Ms Shea,

Investment Technology Group Limited ("ITGL") and Investment Technology Group Europe Limited ("ITGEL") welcome the opportunity to respond to Phase 2 of the Central Bank of Ireland's ("Central Bank") Consultation Paper 52 ("CP52") concerning the proposed amendments and additions to the regulatory reporting regime for Irish investment firms.

We welcome the proposals in Sections 4 and 5 of CP52 and set out our response to certain key questions in this letter.

Section 4.1, Question 16

In your opinion are the categories of liquid assets that are included in rows 1 to 11 of Table 4.1a appropriate for Irish investment firms? Are there any of these categories that you believe should not be included? Are there any additional categories that you believe should be included? Please give reasons for your answers.

We believe the categories of liquid assets in Table 4.1a are appropriate for Irish investment firms but suggest the inclusion of 'intercompany receivable balances' which would also be a good indicator for the Central Bank in determining liquidity pressures.

Section 4.1, Question 17

Do you believe the categories of Cash Inflow Items and Cash Outflow Items included in Tables 4.1b and 4.1c respectively are appropriate for Irish investment firms? Are there any categories that you believe should be excluded? Are there any further categories that you believe should be included in these tables? Please give reasons for your answers.

Could the Central Bank please clarify to industry whether investment firms should include cash receipts from an affiliate under the "Off-Balance Sheet Cash Inflows" category on the Actual and Projected Cash Flow table?

Section 4.1, Question 18

Do you agree that the cash flow analysis should be depicted by month? Do you think the projection out to six months is appropriate and achievable? Please explain your views.

Monthly cash flow analysis is welcomed as it should assist the Central Bank compile trends at individual firm and market level and bring a more proactive approach to regulating and mitigating any issues in advance. However, projecting out to six months may lead to ineffective and inaccurate reports which may ultimately lead to an incorrect projected trend and a diluted report. We believe a projected cash flow analysis of between one to three months would provide a more accurate reflection of the trends and thus be more beneficial to the Central Bank and appropriate to industry.

Section 4.1, Question 20

Do you have any other suggestions in relation to the proposals outlined in Section 4.1? If so, please provide details.

To ensure a consistent approach with reporting deadlines and avoid any confusion, we would welcome the Central Bank to consider agreeing that industry can submit the liquidity return on the 20th working day of the month after the previous quarter end rather than the suggested proposal in Paragraph 66 of CP52 which states that the return be submitted 'on the first working day on or after the 20th day of the month after the previous quarter-end'.

Section 4.3, Question 23

In your opinion are the categories included in Table 4.3a Error and Breach Notification Template appropriate for error and breach reporting for MiFID firms? Do you believe that any categories should be excluded from the template? Do you believe that there are additional categories that should be included on this template? Please give reasons for your answers.

We welcome the proposed Error and Breach Notification Template and believe it will be a useful tool in formalising notifications of errors and breaches to the Central Bank. On a purely practical application of the proposals we do not see any merit in the Central Bank applying a maximum limit on the words that can be entered into this template as it may be difficult to provide appropriate detail of errors or breaches. Can the Central Bank please define a 'Material Operational Incident' or provide industry with guidance and/or examples on what it considers as material as this is quite subjective. What may be considered material to the Central Bank may not be deemed material to industry and vice-versa.

Section 4.3, Question 24

Do you have any other comments or suggestions in relation to the proposals outlined in Section 4.3? If so, please give details.

We believe it unnecessary for the inclusion of Table 4.3b - Error and Breach Confirmation as Table 4.3a will be a sufficient mechanism for late reporting of errors and breaches.

Section 4.6, Question 28

Do you have any comments or suggestions in relation to the proposals outlined in Section 4.6? If so, please provide detail.

We broadly welcome the suggested proposal that funding should be linked more closely to the exposure the firms represent to the Investor Compensation Company Limited, measure by the

number of eligible clients and the average size of their investments. In light of this we do not believe the ICCL should apply to investment firms with no eligible clients.

Section 5, Question 29

Do you have any suggestions in relation to the proposed implementation timetable or in relation to training or guidelines that would be helpful for firms? If so, please provide detail.

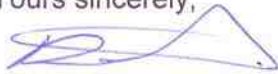
We feel the lead in time for implementation of Section 2 and Section 3 of CP52 is too soon considering a number of items need to be clarified by the Central Bank prior to regulated firms being in a position to implement the proposals.

We also welcome proposals in relation to training and the provision of non-statutory guidelines.

Again we thank the Central Bank for giving us the opportunity to comment on the proposed amendments and additions in CP52.

Please do not hesitate to contact us should you wish to discuss the contents of this letter.

Yours sincerely,



David Nolan
Compliance Manager