



## Securities

### TD Global Finance

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Emily Shea  
Investment Service Providers Supervision  
Central Bank of Ireland  
Block D  
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Dear Ms Shea

### **TD Global Finance: CP52 Responses**

Further to the Central Bank of Ireland's March 24, 2011 issue of Consultation Paper 52: Proposed changes to regulatory reporting requirements for Irish investment firms (CP52).

Following our response to Sections 2&3, we have set out below our responses to the questions presented by the CBOI in CP52 for Sections 4&5.

We welcome the CP and understand and appreciate the need for providing consistency in regulatory returns and information from firms. We hope that our comments are useful in setting out our observations of the new requirements.

Please let me know if you have any comments or questions

Yours sincerely

**Jonathan Escott**

Member of TD Bank Financial Group.

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TD Global Finance is regulated by the Financial Regulator in Ireland.

## SECTION 4

**Question 15: Do you agree with the proposed criteria for the classification of an asset as liquid? In your opinion is the specified time-to-cash period appropriate? Please explain your views.**

*We believe that the time-to-cash period required in CP52 will be possible to provide. However to help understand the basis of the return, firms may find it useful if the rationale for the two week "time to cash" period could be outlined by the Central Bank.*

**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 understand and appreciate the need for firms to justify the inclusion of any assets as being suitably liquid (paragraph 59). We would be interested to know whether there is any intention to restrict any assets (for instance those that are issued by group entities).*

*We believe it maybe useful if there was more specific guidance on what criteria should be applied to consider whether an asset is investment grade. For example, can internal ratings be considered and what consideration is given to any variances between the main rating agencies?*

**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.**

*We believe that the assessment of the returns and the associated categories would be aided by further guidance on the completion of the returns. We have set out below some particular questions:*

- *Firms are being asked to report actual and projected cash in a normal trading environment, "what normally happens as a matter of reality" (paragraph 64). It would be helpful if the Central Bank could provide further guidance around paragraph 64 in relation to what the Central Bank considers normal trading conditions.*
- *Does the Central Bank require cashflows to be reported gross and to what extent, if any, is netting permitted? For instance a firm may hold a number of different contractual cashflows that would be reported in a liquidity maturity ladder. In the normal course of business these contractual cashflows would be reinvested and so there may be little or no net cashflow. Further advice on what the Central Bank is hoping to receive with regards to such trading inflows and outflows would be useful.*
- *Certain types trading assets and liabilities, such as derivative payables or collateral are not specifically identified in the returns. Further guidance on the disclosure of such flows would be helpful.*

**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.**

*The cashflow analysis will be possible to achieve, however we think it would aid firms' understanding and assist accurate completion of the returns if the Central Bank could outline the rationale around the required maturity periods. In particular, why do the investment firm returns require the proposed monthly analysis versus the maturity periods required for credit institutions?*

*In addition, it would be helpful to firms if the Central Bank could explain the benefit of including historical cash flows in a liquidity report. While this information is available, it will typically be operationally intensive for firms to report.*

**Question 19: Do you believe that the proposed submission frequencies and deadlines are appropriate? Please give reasons for your answer.**

*We believe this to be appropriate and workable once further details regarding the requirements of the returns have been established.*

**Question 20: Do you have any other suggestions in relation to the proposals outlined in Section 4.1? If so, please provide details.**

*We believe that an assessment the cash inflow and outflow tables 4.1b and 4.1c would be aided by establishing the scope and objective of these reports. That is, it would be useful for firms to understand the Central Bank's expectations for returns 4.1b and 4.1c versus the information received from credit institutions liquidity reporting.*

*In addition, if there is any intention for investment firms liquidity returns to align with credit institutions liquidity returns at a later date then it may improve production efficiency if the investment firms were to begin producing a version of this return rather than having to develop another return at a later stage.*

**Question 21: Do you have any comments or suggestions in relation to the proposed format and content of the Asset Concentration Report outlined in Table 4.2? Do you consider the proposed format and content appropriate for Irish investment firms? Do you believe that any additional pieces of information should be included on the report? Please outline your views in detail.**

*We have no comments with regards to this table.*

**Question 22: Do you believe that the proposed submission frequencies and deadlines are appropriate? Please give reasons for your answer.**

*These are appropriate and workable*

**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 believe it would be helpful for firms if the Central Bank could advise if there will be any materiality associated with error reporting in return 4.3. Also, if there will be any standard notification descriptions or escalation processes, this may help define, for instance, whether a reclassification would need to be reported to the same manner as a breach of a capital limit.*

**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.**

*No further comment.*

**Question 25: In relation to the following three sections of Table 4.4 *ICAAP Report* do you have any comments or suggestions in relation to the format or content?**

- (i) Governance**
- (ii) Methodology and Exposures**
- (iii) Risk Mitigation**

*With regards to part 44 of the return, does the Central Bank view the pricing of orderly wind down as a requirement for a firm's ICAAP and/or reverse stress testing process going forward?*

**Question 26: Do you have any comments or suggestions regarding the format and content of Table 4.5 *Pillar 3 Disclosures Reporting Template*? If so, please provide detail.**

*We have no comments with regards to this table.*

**Question 27: Do you agree with the proposed timeline for submission of the Pillar 3 Disclosures Reporting Template i.e. at the same time as firms submit their audited year-end financial statements?**

*No further comment.*

**Question 28: Do you have any comments or suggestions in relation to the proposals outlined in Section 4.6? If so, please provide detail.**

*This is not applicable to our business.*

## 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.**

*A longer timeframe to establish the infrastructure and reporting processes for Sections 2 and 3 would be useful to ensure that this is implemented appropriately and accurately.*

**Question 30: Do you believe that the Central Bank should publish aggregate industry data for Irish investment firms? If so, what are your suggestions in this regard? Please explain your answer.**

*We agree this may provide some benefits. However, the profiles of the investment firms in Ireland vary significantly and therefore any comparisons or indeed aggregation of the data may not provide a useful "industry" position.*