



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

2011

## Consultation Paper 52: Proposed changes to regulatory reporting requirements for Irish investment firms



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# 1. Introduction

## Overview

1. This consultation paper is relevant for both investment firms authorised under S.I. No. 60 of 2007, the European Communities (Markets in Financial Instruments) Regulations 2007, (hereafter referred to as „MiFID firms“), and for certain investment business firms authorised under the Investment Intermediaries Act, 1995 („IIA Non-Retail firms“). Throughout this paper these firms will be collectively referred to as „Irish investment firms“ or simply „firms“.

2. The paper sets out the Central Bank’s proposals for a number of changes to the existing regulatory reporting regime for Irish investment firms and invites comments on the proposals from firms and other interested parties. The proposals are of varying relevance to different categories of MiFID and IIA Non-Retail firms and Table 1 provides a useful summary in this regard. The applicability to categories of MiFID and IIA Non-Retail firms is also addressed at the beginning of each section or sub-section throughout the paper.

3. The proposed changes seek to improve the overall supervisory process by:

- increasing the efficiency of regulatory reporting for Irish investment firms,
- increasing the efficiency of the Central Bank’s receipt of data from Irish investment firms,
- encouraging firms to further enhance their understanding and management of risks inherent to their business models,
- promoting a more timely analysis of regulatory returns and an earlier identification of supervisory concerns,
- standardising information received from firms and promoting EU-wide financial reporting harmonisation,
- facilitating peer comparisons and industry wide analysis, and
- enabling the collation and publication of aggregate industry data.

4. With these goals in mind, there are four broad areas of change proposed, three of which are within the scope of this consultation.

5. The first key change is in relation to the reporting of financial statements. The Central Bank is proposing to implement FINREP for Irish investment firms. FINREP is the Committee of European Banking Supervisors’ (CEBS, which recently became the European Banking Authority or EBA) financial

reporting framework. FINREP is currently being used by investment firms for the submission of their financial statements in a number of EU Member States. It is proposed that FINREP will be used for the submission of both management accounts and audited year-end financial statements. In addition, the Central Bank has also developed two separate bespoke financial reporting templates which we believe are necessary in order to provide us with specific information key to the regulation of the Irish investment industry. The first of these, the Supplementary Financial Reporting Return, is applicable to all Irish investment firms and primarily consists of information that we currently receive. The second template, the Stockbrokers Revenue Analysis, is only applicable to MiFID firms that are stock exchange members. The paper addresses the proposed roll-out of FINREP in Section 2.1 and the two additional templates are discussed in Sections 2.2 and 2.3 respectively.

6. It should be noted here that COREP – CEBS’s common reporting framework for firms subject to the Capital Requirements Directive (CRD) – is out of the scope of this paper. The COREP returns currently remain unchanged from the recently implemented 31 December 2010 versions.

7. The second change involves a number of proposed modifications to existing returns. Excluding COREP and financial statements reporting, there are presently five structured returns, where firms are required to submit data in a pre-specified format. These are (i) the Weekly Stockbroker Report, (ii) the Monthly Key Data Report, (iii) the Client Money Report, (iv) the Capital Adequacy Statement and (v) the Assets under Management Report. We have identified modifications to these returns which we believe will enhance relevance, transparency and data standardisation. The modifications include changes to the format of the returns, the inclusion of some new fields and also the removal of a number of fields that the Central Bank views as no longer relevant. The proposed modifications are outlined in Section 3.

8. The third change introduces new structured returns in six different areas: liquidity, asset concentration, error and breach reporting, CRD Pillar 2 ICAAP requirements, CRD Pillar 3 disclosures and Investor Compensation Company Ltd (ICCL) related information. Section 4 details these new returns.

9. The fourth area of change is in relation to the electronic submission and receipt of returns. We are in the process of expanding our online reporting system, with a view to Irish investment firms submitting the bulk of their regulatory returns electronically, including all the structured returns – both new and existing – referenced in this paper. It is the Central Bank’s view that this will yield efficiencies for both firms and supervisors. Electronic reporting is however out of the scope of this consultation paper, which concentrates on the actual data being requested in the returns rather than on the format of submission. The Central Bank will engage separately with firms to provide information and training on the online reporting system.

10. The Central Bank recognises that there will be a short-term cost to firms as regards the implementation of these proposals; however it is our view that the long-term benefits detailed above outweigh the costs. We have included our assessment of the implementation impact for each return in Table 1.

11. Finally, a proposed implementation timetable with estimated release dates for each return is included in Section 5.

## Consultation Process

12. The Central Bank is inviting comments on this consultation in two phases:

- the closing date for responses on sections 2 and 3 is **06 May 2011**,
- the closing date for responses on sections 4 and 5 is **27 May 2011**.

13. Please send all responses to [invest.consult@centralbank.ie](mailto:invest.consult@centralbank.ie) or by post to:

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

14. All responses will be made available for public inspection unless specifically requested otherwise.

15. The Central Bank shall not publish any information which it deems potentially libellous or defamatory.

16. The Central Bank will accept no liability whatsoever in respect of any information provided which is subsequently released or in respect of any consequential damage suffered as a result.

**Table 1 Existing and proposed new structured returns<sup>1</sup>**

Return Name		Applicable to:	Existing / New?	Implementation Impact Assessment	Addressed in Section:
Annual Audited Accounts	Both to be submitted on FINREP	- All MiFID firms	Existing <sup>2</sup>	Significant	Section 2.1
Management Accounts		- All IIA Non-Retail firms			
Supplementary Financial Reporting Return		- All MiFID firms - All IIA Non-Retail firms	Existing <sup>3</sup>	Minor	Section 2.2
Stockbrokers Revenue Analysis		- All MiFID firms that are stock exchange members	New	Significant	Section 2.3
Weekly Stockbroker Report		- All MiFID firms that are stock exchange members and are subject to the CAR	Existing	Minor	Section 3.1
Monthly Key Data Report		- All MiFID firms - All IIA Non-Retail firms	Existing	Minor	Section 3.2
Client Money Report		- All MiFID firms subject to the CAR - All IIA Non-Retail firms subject to the CAR	Existing	Minor	Section 3.3
Capital Adequacy Statement		- All MiFID firms not subject to the CRD - All IIA Non-Retail firms	Existing	Minor	Section 3.4
Assets under Management Report		- All MiFID firms with portfolio management authorisation	Existing	Moderate	Section 3.5
Liquidity Return		- All MiFID firms - All IIA Non-Retail firms	New	Significant	Section 4.1
Asset Concentration Report		- All MiFID firms - All IIA Non-Retail firms	New	Moderate	Section 4.2
Error and Breach Notifications Report		- All MiFID firms	New	Moderate	Section 4.3
Error and Breach Confirmation		- All MiFID firms	New	Minor	Section 4.3
ICAAP Report		- All MiFID firms subject to the CRD	New	Significant	Section 4.4
Pillar 3 Disclosures Report		- All MiFID firms subject to the CRD	New	Minor	Section 4.5
ICCL Report		- All MiFID firms - All IIA Non-Retail firms	New	Moderate	Section 4.6

<sup>1</sup> This list excludes COREP which is outside the scope of this paper.

<sup>2</sup> It is an existing requirement that all Irish investment firms submit management accounts in a structured return. This will be a new requirement however for annual audited accounts.

<sup>3</sup> The Supplementary Financial Reporting Return primarily consists of information that the Central Bank currently receives from Irish investment firms.

## 2. FINREP and Financial Reporting

17. Sections 2.1 and 2.2 below are applicable to all MiFID and all IIA Non-Retail investment firms. Section 2.3 is only applicable to MiFID firms that are stock exchange members (stockbrokers).

### 2.1 FINREP Proposals

18. FINREP is an IFRS<sup>4</sup> based framework that was first introduced by CEBS in 2005 with the aim of promoting the harmonisation of regulatory reporting across the EU. It is used in a number of EU Member States for investment firms' reporting, for solo reporting and for reporting in local GAAP where there is a high degree of convergence between the local GAAP and IFRS.

19. Considering this, and considering the benefits of implementing such a standardised framework, we are proposing to roll-out FINREP for Irish investment firms at both an individual and, where applicable, consolidated level, for the submission of both management accounts and audited year-end financial statements. FINREP will therefore replace the current balance sheet and profit and loss templates that are used by Irish investment firms to submit their management accounts and there will be a new requirement for firms to input and submit their audited year-end results on the FINREP framework in addition to submitting their individual annual reports / year-end financial statements pack in hard copy or pdf format.

20. The majority of Irish investment firms currently prepare their accounts in accordance with Irish GAAP, with only c. 20% using IFRS. However, given the current degree of convergence between Irish GAAP and IFRS and also the recent ASB proposals<sup>5</sup>, it is the Central Bank's view that the fact the FINREP framework is based on IFRS will not pose a significant issue for Irish investment firms. The Central Bank has conducted work to confirm this view, including the population of the FINREP tables for a small sample of firms' accounts. It should also be noted that FINREP has already been rolled out in Ireland for all credit institutions including those that report in Irish GAAP.

21. The most recent version of the FINREP framework (FINREP rev2) was published on 15 December 2009 and is based on IFRS at 31 October 2009 as endorsed by the European Commission. The framework and its accompanying guidelines are available for review on the EBA website at: <http://www.eba.europa.eu/Supervisory-Reporting/FINER/FINREP-framework.aspx>.

<sup>4</sup> International Financial Reporting Standards: <http://www.ifrs.org/Home.htm>

<sup>5</sup> The ASB is currently consulting on the future of financial reporting in the UK and Republic of Ireland with comments due by 30 April 2011. More information is available at <http://www.frc.org.uk/asb/technical/projects/project0072.html>.

22. It is FINREP rev2 that we are proposing to roll-out for Irish investment firms. The framework consists of two core tables (a statement of financial position and an income statement) and twenty-three non-core tables. In some instances the tables are further broken down into a number of distinct sub-tables. We are proposing to implement both the two core tables and a selection of the non-core tables and sub-tables. Table 2.1a provides a full list of the tables that we are proposing to implement.

23. Submission of the two core tables will be compulsory for all Irish investment firms. The requirement to submit non-core tables will be assessed by supervisors on a firm-by-firm basis with two exceptions: (i) the requirement to complete *22 Statement of Changes in Equity* will be triggered if a movement in equity is recorded on the core statement of financial position and (ii) if a submission is on a consolidated basis, *25 Scope of the Group* will be required to be populated.

24. It should be noted here that CEBS's guidelines on the FINREP framework<sup>6</sup> specify that the format and content of the tables included in the FINREP framework may not be altered. Therefore this consultation focuses on *which* FINREP tables are appropriate for Irish investment firms and *not* on the format and content of the FINREP tables themselves.

25. All FINREP returns – whether management accounts or audited year-end financial statements – will be required to be submitted in euro, as this facilitates both comparison with COREP returns and cross-comparison between firms. Exchange rates should be taken from the Central Bank website.

26. As part of the FINREP submission process firms will be asked to complete a short questionnaire before filling in core and, if applicable, non-core tables. This questionnaire is outlined in Table 2.1b. It firstly seeks to identify the functional currency in which the accounts were prepared and then looks for information in relation to the audit report, post-balance sheet events and contingent liabilities.

27. In order to facilitate the analysis of FINREP returns, we are proposing the inclusion of a variance analysis in the submissions of both management accounts and audited year-end financial statements. It is proposed that firms will be required to provide explanation where there is a greater than 20% movement on any balance sheet or income statement item from one period to the next. The variance analysis will apply to core tables only and will work as follows: when a firm submits its FINREP return a function will be automatically run (on the online system) to calculate variances on each core line item from the previous period, and to identify which variances represent a greater than 20% movement. The firm will then be requested to provide comment for these particular variances. This process should

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<sup>6</sup> CEBS's guidelines on the FINREP framework are available at: <http://www.eba.europa.eu/Supervisory-Reporting/FINER/FINREP-framework.aspx>



significantly reduce timely back and forth communication between firms and supervisors.

28. Firms will be required to submit management accounts on the FINREP framework at the same frequency and by the same due date as they currently report. The audited year-end financial statements will be required to be input on FINREP annually no later than six months after the firm's financial year-end.

**Table 2.1a List of FINREP Tables for Implementation**

Ref.	Table Name	Submission Information
1	Statement of financial position	Core
1.1	Assets	Core
1.2	Liabilities	Core
1.3	Equity	Core
2	Income statement	Core
5	Breakdown of financial assets	Non-Core
5A	Breakdown of demand deposits and cash equivalents	Non-Core
5B	Financial assets held for trading	Non-Core
5C	Financial assets designated at fair value through profit or loss	Non-Core
5D	Available-for-sale financial assets	Non-Core
5E	Loans and receivables and held to maturity investments	Non-Core
9A	Overview of impairment	Non-Core
10B	Subordinated liabilities	Non-Core
16	Defined benefit plans and employee benefits	Non-Core
16A	Components of defined benefit plan assets and liabilities	Non-Core
16B	Movements in defined benefit plan obligations	Non-Core
16C	Memo items [related to staff expenses]	Non-Core
17	Loan commitments, financial guarantees and other commitments	Non-Core
21	Statement of comprehensive income	Non-Core
22	Statement of changes in equity	Non-Core
24	Related party disclosures	Non-Core
24A	Amounts payable to, and amounts receivable from, related parties	Non-Core
24B	Expenses and incomes generated by transactions with related parties	Non-Core
24C	Key management personnel compensation	Non-Core
25	Scope of the group	Non-Core

**Table 2.1b FINREP Submission Questionnaire**

Name of Firm:	Free text field.
In what functional currency were the accounts prepared?	Drop down list containing currency fields.
If the submission relates to audited accounts, has the auditor issued an unqualified audit report?	Drop down list containing (i) Yes, (ii) No and (iii) N/A.
If there have been any post-balance sheet events please specify:	Free text field.
Does the firm have any contingent liabilities? If so, please provide details:	Free text field.
What is your financial year-end?	DD/MM/YYYY format.

**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? Please explain your answer.**

**Question 2: Irish GAAP gives the option of whether or not to adopt FRS 25 (IAS 32) *Financial instruments: Disclosure and presentation* and FRS 26 (IAS 39) *Financial instruments: Recognition and measurement* to certain unlisted companies. Do you believe that this will pose any difficulty for firms reporting in Irish GAAP with respect to the implementation of the FINREP framework? Please explain your answer.**

**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? A detailed response here would be appreciated.**

**Question 4: Do you believe that the proposed 20% criterion for the variance analysis on FINREP core tables is appropriate? Please detail your views.**

**Question 5: Do you have any other general comments on the FINREP proposals outlined in Section 2.1? If so, please provide detail.**

## 2.2 Supplementary Financial Reporting Return

29. It is the Central Bank's view that, while the roll-out of FINREP is important in order to standardise financial reporting information received across Irish financial services firms, it is also necessary to have a thorough, sector-specific understanding of financial performance. To ensure this, we have developed financial performance returns that are tailored to individual industries.

30. In this regard, Table 2.2 *Supplementary Financial Reporting Return* depicts a bespoke financial reporting template that we have developed for Irish investment firms. It is proposed that all MiFID and all IIA Non-Retail firms would complete and submit this return at the same time as they submit their FINREP returns (for both management accounts and audited year-end financial statements).

31. In sections (A) to (D), the template asks for breakdowns of expenses, other assets, other liabilities and other reserves. These breakdowns are largely in line with information that we currently receive from firms and it is our view that it is necessary to maintain this level of detail given the make-up of Irish investment firms' balance sheets.

32. The FINREP tables do not analyse assets and liabilities into their fixed and current components. Instead, the framework adopts a liquidity approach, allowed under IFRS. It is the Central Bank's view however that information on the fixed and current elements of a firm's balance sheet is necessary in order to carry out key ratio testing across the industry and to maintain a granular understanding of Irish investment firms' financial performance and risk profiles.

33. For this reason sections (E) and (F) in Table 2.2 seek to split out the total assets and liabilities figures (as submitted in FINREP returns) into their fixed and current elements. Firms are also asked to indicate which particular balance sheet items are classified as current and which are classified as fixed or to split each item appropriately.

34. The total of each section in Table 2.2 should reconcile to the related line item on the core FINREP tables.

**Table 2.2 Supplementary Financial Reporting Return**

<b>(A) Breakdown of Expenses</b>	€	<b>(B) Breakdown of Other Assets</b>	€
<b>Staff Expenses</b> Wages and Salaries Bonuses, Profit Shares or Benefits in Kind Pension Payments Other Staff Costs <b>General and Administrative Expenses</b> Marketing, Advertising and Communications Travel & Entertainment Information Systems Rent, Rates & Maintenance Other Established Charges Professional Fees		Trading Book Debtors – Gross (Trading Book Debtors – Provision) Trading Book Debtors – Net Non-Trading Book Debtors – Gross (Non-Trading Book Debtors – Non-Trading Book Debtors – Net Prepayments Inter-company Debtors Other uncategorised assets	
<b>(C) Breakdown of Other Liabilities</b>	€	<b>(D) Breakdown of Other Reserves</b>	€
Trading Book Creditors Non-Trading Book Creditors Inter-company creditors Overdraft Accruals Other uncategorised liabilities		Retained Earnings Capital Contribution Other uncategorised reserves	
<b>(E) Total Assets Analysis</b>	€	<b>(F) Total Liabilities Analysis</b>	€
<b>Current Assets</b> <b>Made up of:</b> Item XXX Item YYY ...  <b>Fixed Assets</b> <b>Made up of:</b> Item XXX Item YYY ...		<b>Current Liabilities</b> <b>Made up of:</b> Item XXX Item YYY ...  <b>Fixed Liabilities</b> <b>Made up of:</b> Item XXX Item YYY ...	

**Question 6: What is your opinion in relation to the categories included in each of the following sections on Table 2.2? Do you believe that any of the categories should be excluded? Do you believe that there are any additional categories that should be included? Please give reasons for your answers.**

- Section (A) Expenses
- Section (B) Other Assets
- Section (C) Other Liabilities
- Section (D) Other Reserves

**Question 7: Do you have any other general comments on the proposals outlined in Section 2.2? If so, please provide detail.**

## 2.3 Stockbrokers Revenue Analysis

35. We have also developed a second bespoke financial performance template specifically for stockbrokers. This section is therefore only applicable to stockbrokers. The template is outlined in Table 2.3 *Stockbrokers Revenue Analysis* and, as the name suggests, it is a breakdown of stockbrokers' revenue.

36. The information requested will assist the Central Bank in profiling the business model of stockbrokers both on an individual and collective basis with a view to better understanding the risks posed by changes to market structure, client profiles, revenue streams and other variables. The information requested is likely to overlap with that which is examined by firms conducting their own assessment of their operating environments and attendant commercial risk.

37. Sections (A) and (B) of the template focus on commission income. Section (A) looks to analyse commission income between institutional and private clients commission as well as by product. Section (B) looks for information on the top ten commission earning stocks and clients. Section (C) is a breakdown of proprietary trading income and Section (D) seeks to analyse stockbrokers' fee income.

38. It is proposed that all stockbrokers would submit this template at the same time as they submit their FINREP returns (for both management accounts and audited year-end financial statements).

**Table 2.3 Stockbrokers Revenue Analysis**

<b>(A) Commission Breakdown (if applicable)</b>							
€		Analysed Between:					
		Irish Equities	Overseas Equities	CFD	Government Bonds	Corporate	Other
Total							
Institutional Commission							
Private Clients Commission							
<b>(B) Commission - Top Ten Analysis (if applicable)</b>							
	Institutional Commission			Private Clients Commission			
	Top Ten Stocks	Top Ten Clients		Top Ten Stocks	Top Ten Clients		
1							
2							
...							
10							
<b>(C) Proprietary Trading Breakdown (if applicable)</b>							
€		Analysed Between:					
		Irish Equities	Overseas Equities	Market Making	Government Bonds	Corporate	Other
Total							
Proprietary Trading							
<b>(D) Fee Income Breakdown (if applicable)</b>							
€	Total	Fund Management Fees	Corporate Advice Fees	Other Fee Income			
Fees							
Please state the amount of funds under management from which income was earned:							
Please state the number of individual projects from which income was earned:							

**Question 8: For each of the four sections (A) to (D) of Table 2.3 *Stockbrokers Revenue Analysis* could you please provide comment on the suitability of the categories that are included and the information that is requested. Please include any additional suggestions.**

**Question 9: In your opinion, are there any other categories of Irish investment firms that should complete this return? Please explain your answer.**

### 3. Changes to Existing Returns

39. This section details our proposed changes to the existing five structured returns relevant for Irish investment firms. The beginning of each sub-section specifies to which categories of firms the particular return applies. We are seeking industry feedback on the proposed changes and also welcome any additional suggestions in relation to the format or content of each of these returns.

#### 3.1 Weekly Stockbroker Report

40. The *Weekly Stockbroker Report* is applicable to all MiFID firms that are stock exchange members (stockbrokers) and that are subject to the Client Asset Requirements. We are proposing three changes to this report as follows:

- A change in the wording of question 1 in order to ensure that the question includes the correct, up-to-date legislative reference. We are therefore changing the wording from

„Daily client money calculation (Reg. 14 CB Client Money Requirements)

*Total cash liabilities (S.52) to clients* €X  
*Represented by balances in Section 52 accounts* €X'

to

„Daily client funds calculation (Reg. 5.3 Client Asset Requirements)

*Total cash liabilities to clients* €X  
*Represented by balances in client fund accounts* €X'.

- The removal of the current question 3, which asks for „total funding contributed by the firm in order to settle client transactions“. As firms typically transfer money between client and firm accounts on an infrequent basis (unless there is a shortfall in a firm’s client asset account), we believe that this figure does not provide us with meaningful information on the weekly return.
- The removal of the current question 11 – a summary cash flow statement – as it relates specifically to the firm, whereas the *Weekly Stockbroker Report* is client focused.

41. The proposed new version of the report is laid out in Table 3.1 *Weekly Stockbroker Report*. It is proposed that stockbrokers will continue to submit this report by close of business on the second working day of each week.



Table 3.1 *Weekly Stockbroker Report*

Weekly Stockbroker Report for the week ending DD/MM/YYYY			
€			
NAME OF FIRM			
<b>1)</b>	<b>Daily client funds calculation (Reg. 5.3 Client Asset Requirements)</b>		
	Total cash liabilities to clients		
	Represented by balances in client fund accounts		
<b>2)</b>	<b>Total settled debtors (Note 1)</b>		
	<b>Value of settled debtors outstanding:</b>		
	5-15 days		
	16-30 days		
	31-45 days		
	>45 days		
<b>3)</b>	<b>10 largest settled debtors</b>		<b>Value of stock held by firm against debt (Note 2)</b>
	<b>Name</b>	<b>Amount owed to firm</b>	
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	9		
	10		
<b>4)</b>	<b>Total value of unsettled sales (Note 3)</b>		
<b>5)</b>	<b>Total value of unsettled purchases (Note 4)</b>		
<b>6)</b>	<b>Total number of transactions executed by retail clients</b>		
	Total value of transactions executed by retail clients		
<b>7)</b>	<b>Total number of transactions executed by professional clients</b>		
	Total value of transactions executed by professional clients		
<b>8)</b>	<b>Total position of the firm in all securities (Note 5)</b>		
	(a) Own A/C Trading		
	(b) Client Positions		
	<b>Total exposure of the firm in all securities (Note 6)</b>		
	(a) Own A/C Trading		
	(b) Client Positions		
<b>9)</b>	<b>10 largest positions by individual security (Note 7)</b>		<b>Value</b>
	<b>Name</b>	<b>Exposure (Note 8)</b>	
	1		
	2		
	3		
	4		
	5		
	6		
	7		
	8		
	9		
	10		
<b>Note 1:</b> "Settled debtors" are clients of the firm who have failed to pay the firm for purchase transactions which the firm has settled with the market.			
<b>Note 2:</b> "Stock held against debt" refers to stock that the firm holds and is legally entitled to sell to close out the debt.			
<b>Note 3:</b> "Unsettled sales" refers to sale transactions that the firm has undertaken on behalf of clients and which remain unsettled after due settlement date.			
<b>Note 4:</b> "Unsettled purchases" refers to purchase transactions that the firm has undertaken on behalf of clients and which remain unsettled after due settlement date.			
<b>Note 5:</b> "Total position in all securities" is the sum of the firm's own account positions, marked to market, plus the value of all unsettled transactions of the firm's clients.			
<b>Note 6:</b> "Total exposure in all securities" is the sum of the unrealised profit/loss on all the firm's own account positions, marked to market, plus the replacement cost of all unsettled transactions of the firm's clients.			
<b>Note 7:</b> "Largest position by security" is the sum of the own account position of the firm in that security, marked to market, plus the value of all unsettled transactions of its clients in that security.			
<b>Note 8:</b> "Largest exposure by security" is the sum of the unrealised profit/loss on the own account position of the firm in that security, marked to market, plus the replacement cost of all unsettled transactions of its clients in that security.			

**Question 10: Do you have any comments or suggestions in relation to Table 3.1 *Weekly Stockbroker Report*? Suggestions may relate to the format, content and frequency of submission. Please explain any suggestions in detail.**

### 3.2 Monthly Key Data Report

42. The *Monthly Key Data Report* is applicable to all MiFID and all IIA Non-Retail firms. We are proposing a number of modifications to this report as follows:

- A change in the name to *Monthly Metrics Report* as we believe that this is more representative of the information captured within the return.
- A restructure of the current „Authorisation“ section into two separate sections: „Client assets held“ and „Assets under management“. We have also reworded the fields under these sections in order to make the form more succinct and we are no longer requesting firms to fill in the highest amount of client money held during the period (1.2.2 on the current form).
- We are changing the name of the „Revenue“ section to „Financial data“ and within this section we have added two new headings – „Debtors as at month end“ and „Bank and cash“ as we believe that these are key metrics that need to be monitored on a monthly basis.
- Finally we have modified the „Investment Business Service“ section: We are no longer requesting firms to fill in the total number of new investment business clients *or* the total number of clients to which investment services ceased (3.2 and 3.3 on the current form). Instead we are asking firms to split out their total number of clients into professional and retail clients.

43. The revised version of the report is laid out in Table 3.2 *Monthly Metrics Report*. It is proposed that all MiFID and all IIA Non-Retail investment firms will continue to submit this report monthly by the first working day either on or after twenty calendar days from the previous month end.

**Table 3.2 Monthly Metrics Report**

Monthly Metrics Report for DD/MM/YYYY	
€	
NAME OF FIRM	<input type="text"/>
<b>Client assets held (if applicable)</b>	
Total amount of client funds	<input type="text"/>
Total amount of client assets	<input type="text"/>
<b>Asset under management</b>	
Total AuM (discretionary portfolio managers only)	<input type="text"/>
<b>Financial data</b>	
Total monthly income	<input type="text"/>
Total monthly expenditure	<input type="text"/>
Net profit/loss (before tax/dividends)	<input type="text"/>
Debtors as at month end	<input type="text"/>
Bank and cash	<input type="text"/>
<b>Investment business services</b>	
Total number of clients	<input type="text"/>
<i>Of which: Professional</i>	<input type="text"/>
<i>Of which: Retail</i>	<input type="text"/>
<b>Staff</b>	
Total staff	<input type="text"/>
<b>Material issues</b>	
Has any material issue occurred in the previous month?	<input type="text"/>
If so, please provide detail.	

**Question 11: Do you have any comments or suggestions in relation to Table 3.2 *Monthly Metrics Report*? Suggestions may relate to the format, content and frequency of submission. Please explain any suggestions in detail.**

### 3.3 Client Money Report

44. The *Client Money Report* is applicable to all MiFID and IIA Non-Retail investment firms that are subject to the Client Asset Requirements (CAR). We are proposing changes to this report as follows:

- A change in the name of the report to *Quarterly Client Funds Report for the reporting date DD/MM/YYYY* as this is a more accurate description of the return.
- The removal of two of the fields from the current report: „Highest amount held during period“ and „Average amount held during period“.

- The introduction of three new questions which look for information on the firm’s top three clients by amount of client funds held, the number of clients for which the firm is holding client funds and the total number of client fund bank accounts.
- Finally it is the Central Bank’s view that the information received in this return is key data that should be monitored on a frequent basis for all firms subject to the CAR. We are therefore proposing to standardise the frequency of this return and will require it quarterly from all MiFID and all IIA Non-Retail firms that are subject to the CAR. This is a change from current practice where only €730k firms<sup>7</sup> submit the report quarterly, while all other relevant MiFID and IIA Non-Retail firms submit semi-annually. The return will be due twenty working days after the previous quarter end.

45. It should be highlighted here that we are not proposing to change the frequency of the CAR audits.

46. In relation to questions 5 and 6 on the report, we are considering whether it is appropriate for firms to report client money on their balance sheets and further guidance will be issued on this matter in due course.

47. The revised version of the report is set out in Table 3.3 *Quarterly Client Funds Report*.

**Table 3.3 Quarterly Client Funds Report**

Quarterly client funds report for the reporting date DD/MM/YYYY													
NAME OF FIRM	<input type="text"/>												
€													
1 Please state the amount of client funds held by the firm at quarter-end	<input type="text"/>												
2 Please state the names of your top 3 clients by amount of client funds held at quarter-end	<table border="1"> <thead> <tr> <th></th> <th>Name of client</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>2</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>3</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>		Name of client	Amount	1	<input type="text"/>	<input type="text"/>	2	<input type="text"/>	<input type="text"/>	3	<input type="text"/>	<input type="text"/>
	Name of client	Amount											
1	<input type="text"/>	<input type="text"/>											
2	<input type="text"/>	<input type="text"/>											
3	<input type="text"/>	<input type="text"/>											
3 How many clients are you holding client funds for?	<input type="text"/>												
4 What is the total number of client fund bank accounts?	<input type="text"/>												
4a Of which are pooled bank accounts	<input type="text"/>												
4b Of which are segregated bank accounts	<input type="text"/>												
5 How much client funds, if any, are held on-balance sheet?	<input type="text"/>												
6 If client funds are held on-balance sheet, please give reason.	<input type="text"/>												

<sup>7</sup> As defined in Regulation 8 of S.I. No. 660 of 2006 (as amended).

**Question 12: Do you have any comments or suggestions in relation to Table 3.3 *Quarterly Client Funds Report*? Suggestions may relate to the format, content and the revised frequency of submission. Please explain any suggestions in detail.**

### 3.4 Capital Adequacy Statement

48. The *Capital Adequacy Statement* is applicable to all MiFID firms that are not subject to the CRD and all IIA Non-Retail investment firms. We are proposing a number of minor modifications to the return as follows:

- Deletion of the fields „Initial capital“, „Original own funds“ and „Own funds“ from the „Statement of capital“ section of the return in order to remove duplicity between that section and the „Analysis of own funds“ section.
- Restructure of the return into a one-page report, with the remaining fields from the „Statement of capital“ section now included at the end of the report rather than on a separate page.
- The introduction of one additional field which asks firms to state their capital requirement.

49. The revised version of the return is set out in Table 3.4 *Capital Adequacy Statement*. We are proposing that firms continue to submit this return at the same frequency and by the same due date as they currently report.

**Question 13: Do you have any suggestions in relation to Table 3.4 *Capital Adequacy Statement*? Suggestions may relate to the format, content and the frequency of submission. Please explain any suggestions in detail.**

Table 3.4 *Capital Adequacy Statement*

Capital Adequacy Statement	
<b>FIRM NAME</b>	€
<b>Tier one elements</b>	
Paid up ordinary share capital	
Perpetual non-cumulative preference shares	
Share premium	
Revenue reserves	
Capital contribution	
Capital reserves	
Externally verified interim declared profit	
Minority interests in tier one elements	
Initial capital	
<b>Less deductions</b>	
Goodwill and other intangible assets	
Material losses of current financial year	
Investment in own shares	
Total tier 1 deductions	
<b>Original own funds</b>	
<b>Tier two elements</b>	
Perpetual subordinated loan capital	
Cumulative perpetual preference shares	
Tangible fixed assets revaluation reserves	
Financial fixed asset revaluation reserves	
Fixed term and other redeemable preference shares	
Eligible long term subordinated loan capital	
<b>Total tier 2 capital</b>	
<b>Less deductions in arriving at own funds</b>	
Selected investments in credit and financial institutions	
<b>Total tier 2</b>	
<b>Total own funds</b>	
Please state your expenditure / fixed overheads requirement	
Please state your initial capital requirement	
Please state the capital requirement for the firm	

### 3.5 Assets under Management Report

50. The *Assets under Management* report is applicable to all MiFID firms with a portfolio management authorisation. We are proposing a number of changes to this report:

- A change in the name of the report to *Quarter-end Assets under Management and Fee Income Submission for the reporting date DD/MM/YYYY*.
- As the new name suggests, we are proposing to change the frequency of submission of this report from semi-annual to quarterly for all relevant MiFID and IIA Non-Retail investment firms as we believe that the return contains key data which should be subject to supervisory oversight on a frequent basis. The report will be due twenty working days after the previous quarter-end.
- We are proposing the inclusion of two additional categories for the analysis of assets under management and fee income: „Venture capital“ and „BES funds including schemes“. We are also asking firms to indicate how much of the total assets under management and total fee income is property related.
- Finally we are proposing the inclusion of two fields at the end of the report which look for the top three clients both by assets under management and by fee income earned in the period.

51. The revised version of the report is shown in Table 3.5 *Quarter-end Assets under Management and Fee Income Submission*.

**Question 14: Do you have any comments or suggestions in relation to Table 3.5 *Quarter-end Assets under Management and Fee Income Submission*? Suggestions may relate to the format, content and the revised frequency of submission. Please explain any suggestions in detail.**

**Table 3.5 Quarter-end Assets under Management and Fee Income Submission**

Quarter-end Assets Under Management and Fee Income Submission for the reporting date DD/MM/YYYY														
<b>FIRM NAME</b>	<input type="text"/>													
€														
	<b>Assets Under Management at period end</b>	<b>Fee Income for period</b>												
<b>Pensions<sup>1</sup>/Institutional</b>														
Segregated	<input type="text"/>	<input type="text"/>												
Endowment	<input type="text"/>	<input type="text"/>												
Unit-linked	<input type="text"/>	<input type="text"/>												
Unit trusts	<input type="text"/>	<input type="text"/>												
Other collective investment schemes	<input type="text"/>	<input type="text"/>												
Total	<input type="text"/>	<input type="text"/>												
<b>Charities/Religious</b>	<input type="text"/>	<input type="text"/>												
<b>Life Funds<sup>2</sup></b>														
Unit-linked	<input type="text"/>	<input type="text"/>												
Main fund / endowment	<input type="text"/>	<input type="text"/>												
Shareholders	<input type="text"/>	<input type="text"/>												
Total	<input type="text"/>	<input type="text"/>												
<b>Private Clients</b>														
Segregated	<input type="text"/>	<input type="text"/>												
Unit trusts	<input type="text"/>	<input type="text"/>												
Total	<input type="text"/>	<input type="text"/>												
<b>Tracker Bonds</b>	<input type="text"/>	<input type="text"/>												
<b>Corporate</b>	<input type="text"/>	<input type="text"/>												
<b>Venture Capital</b>	<input type="text"/>	<input type="text"/>												
<b>BES funds including schemes</b>	<input type="text"/>	<input type="text"/>												
<b>Other<sup>3</sup></b>	<input type="text"/>	<input type="text"/>												
<b>Total</b>	<input type="text"/>	<input type="text"/>												
<i>of which total for Irish residents</i>	<input type="text"/>	<input type="text"/>												
<i>of which property related</i>	<input type="text"/>	<input type="text"/>												
Please state the name and amount of assets under management for the firm's top 3 clients by assets under management:	<table border="1"> <thead> <tr> <th></th> <th>Name</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>2</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>3</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>			Name	Amount	1	<input type="text"/>	<input type="text"/>	2	<input type="text"/>	<input type="text"/>	3	<input type="text"/>	<input type="text"/>
	Name	Amount												
1	<input type="text"/>	<input type="text"/>												
2	<input type="text"/>	<input type="text"/>												
3	<input type="text"/>	<input type="text"/>												
Please state the name and amount of fee income earned for the firm's top 3 clients by fee income earned:	<table border="1"> <tbody> <tr> <td>1</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>2</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td>3</td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>		1	<input type="text"/>	<input type="text"/>	2	<input type="text"/>	<input type="text"/>	3	<input type="text"/>	<input type="text"/>			
1	<input type="text"/>	<input type="text"/>												
2	<input type="text"/>	<input type="text"/>												
3	<input type="text"/>	<input type="text"/>												
<p><b>Note 1:</b> Pension funds are classified as segregated, endowment, unit-linked or unit trust. Segregated pension funds refer to funds that are managed for a single client and are therefore not pooled. Endowment funds refer to pension products sold by insurance companies. Unit-linked funds are also sold by insurance companies, and their value relates to that of the underlying fund. Typically, these funds do not offer a guarantee. Unit trust funds are similar to unit-linked funds, except that they are sold by companies other than insurance companies.</p>														
<p><b>Note 2:</b> Life funds consist of main funds, unit-linked funds or shareholders' funds. Main funds are generally with-profits funds, or comprise life-cover premiums. Unit-linked life funds have the same characteristics as pension funds. Shareholders' funds refer to funds owned by the life company.</p>														
<p><b>Note 3:</b> The 'Other' category includes general insurance and building-society funds.</p>														



## 4. Proposed New Returns

### 4.1 Liquidity Return

52. We are proposing the introduction of liquidity reporting for Irish investment firms in order to enhance our understanding of liquidity risk management in the Irish investment industry. This section is relevant for all MiFID and all IIA Non-Retail investment firms.

53. Liquidity risk can be defined as “*the current or prospective risk arising from an institution’s inability to meet its liabilities / obligations as they fall due without incurring unacceptable losses*”<sup>8</sup>. It is the Central Bank’s view that all investment firms face a degree of liquidity risk and that while this risk is not as systemically relevant as it is in the banking sector, it still must be managed carefully as liquidity issues can rapidly escalate, particularly in stressed scenarios.

54. Indeed, as highlighted by the Committee of European Banking Supervisors (CEBS) in its September 2008 paper *Second Part of CEBS’s technical advice to the European Commission on Liquidity Risk Management*, due to the self-fulfilling nature of reputation risk, an institution’s perceived liquidity issues can undermine its ability to raise funds at a reasonable cost. An otherwise profitable business that runs into liquidity problems can very quickly become insolvent. Therefore cash flow planning and management are key components of a successful risk management function.

55. With this in mind the Central Bank has developed a liquidity return for Irish investment firms and seeks to collect data on liquid assets, along with actual and projected cash inflows and outflows. The return will allow us to monitor available sources of liquidity, to identify funding gaps and to determine if liquidity pressures are emerging. We believe the benefits to be derived from the liquidity return are:

- standardising the information received across firms,
- facilitating the compilation and analysis of market-wide liquidity data,
- allowing peer comparisons and the identification of outliers among peer groups,
- allowing an earlier identification of liquidity issues, thereby facilitating more timely and effective regulatory intervention, and
- encouraging firms to consider both their liquidity requirements and their liquidity generation capacity.

<sup>8</sup> Committee of European Banking Supervisors (CEBS) 18 September 2008 paper [Second part of CEBS’s technical advice to the European Commission on Liquidity Risk Management](#).

56. Tables 4.1a, 4.1b and 4.1c are the report templates that form the proposed liquidity return. Table 4.1a provides detail on a firm's current liquid assets. Tables 4.1b and 4.1c capture actual and projected cash inflows and outflows respectively.

**Table 4.1a *Liquid Assets***

Ref.	Liquid Asset	Amount €
1	Cash and cash equivalents	
2	Precious metals / other commodities	
3	Central Bank Securities – Investment Grade	
4	Central Bank Securities – Non-Investment Grade	
5	Treasury Bills / Notes – Investment Grade	
6	Treasury Bills / Notes – Non-Investment Grade	
7	Government Bonds – Investment Grade	
8	Government Bonds – Non-Investment Grade	
9	Securities issued by group entities and connected counterparties	
10	Other readily marketable securities – Investment Grade	
11	Other readily marketable securities – Non-Investment Grade	

57. Table 4.1a *Liquid Assets* aims to provide a reasonably detailed picture of a firm's liquid assets at a point in time. Liquid assets can be defined as "assets that can be quickly and easily converted into cash in the market at a reasonable cost"<sup>9</sup>. As emphasised in CEBS's September 2008 paper (referenced above), consideration should be given to the time required to convert an asset into cash – the „time-to-cash period". It is the Central Bank's view that, for the purposes of this return, only assets with a time-to-cash period of less than 2 weeks should be considered liquid. Therefore only assets that both meet this criterion and fit the above definition should be included in Table 4.1a.

58. All assets should be included at their current market value. If there is a cost involved in converting the asset to cash, this cost should be deducted from the value and the net amount shown in Table 4.1a.

59. Rows 4, 6, 8 and 11 on Table 4.1a allow the option of including non-investment grade equity and debt securities as liquid assets. However consideration should be given as to whether these securities do indeed meet the criteria for classification as liquid assets as outlined above (e.g. presence of a liquid market) before they are included in Table 4.1a. Firms may be asked to justify their decisions in this regard.

60. We are proposing that Table 4.1a is populated in euro. Therefore any

<sup>9</sup> CEBS 18 September 2008 paper [Second part of CEBS's technical advice to the European Commission on Liquidity Risk Management](#).

liquid assets held in another currency would first be converted into euro and then included in the relevant row in Table 4.1a. It is important that firms consider currency liquidity when deciding if an asset meets the criteria for classification as liquid.

**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.**

**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.**

61. Tables 4.1b and 4.1c seek to monitor a firm's actual and projected cash inflows and outflows across relevant categories. To emphasise, when populating these tables, only actual and projected cash receipts and cash payments should be included (cash to include cash equivalents). Again the data should be reported in euro.

62. Actual data is captured by month for the previous three months (months -2, -1 and 0) and projected data is captured by month for the upcoming three months (months +1, +2 and +3). Further projected data is also requested for months 4 to 6 in a three month block.

63. Tables 4.1b and 4.1c also require that the cash flows are analysed into „Non Intra-Group“ and „Intra-Group categories“ as we believe it is important to understand a firm's reliance on the group for funding and liquidity. For certain cash flow items this analysis is not relevant and the cells in these cases are crossed out.

64. An important consideration when compiling a cash flow forecast of this nature is the distinction between contractual and behavioural flows<sup>10</sup>. It is the Central Bank's view that the projected cash flows should reflect what normally happens as a matter of reality. For instance, if there is a difference between a trade debtor's contractual obligations to the firm and their usual payment behaviour, the cash flows included should reflect the behavioural pattern. In addition it should be stressed here that only cash flows pertaining to the firm itself should be included in the return (i.e. all cash flows relating to client assets should be excluded) as the objective is to assess the firm's own liquidity position.

<sup>10</sup> CEBS 17 March 2009 paper [Interim Report on Liquidity Buffers & Survival Periods](#)

Table 4.1b Actual and Projected Cash Inflows

€		Actual Cash Inflows						Projected Cash Inflows							
		Month -2		Month -1		Month 0		Month +1		Month +2		Month +3		Months +4 to 6'	
Ref.	Cash Inflow Item	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group
12	Receipts from Trade Debtors														
13	Receipts from Non-Trade Debtors														
14	Fees and Commission – Cash Receipts														
15	Interest and Dividends – Cash Receipts														
16	Margin Receipts														
17	Cash receipts from the sale of liquid assets														
17a	- Precious Metals / Other Commodities														
17b	- Central Bank Securities														
17c	- Treasury Bills / Notes														
17d	- Government Bonds														
17e	- Securities issued by group entities and connected counterparties														
17f	- Other readily marketable securities														
18	Sale of Financial Assets [other than those specified at 17]														
19	Receipts from Financial Assets [other than those specified at 15, 16, 17 or 18]														
20	Sale of Tangible Fixed Assets														
21	Receipts from Tangible Fixed Assets [other than those specified at 20]														
22	Capital Contribution														
23	Equity Issued														
24	Borrowings / Debt Issued														
25	Tax Refunds		X		X		X		X		X		X		X
26	Off-Balance Sheet Cash Inflows														
27	Other Cash Receipts														

**Table 4.1c Actual and Projected Cash Outflows**

€		Actual Cash Outflows						Projected Cash Outflows							
		Month -2		Month -1		Month 0		Month +1		Month +2		Month +3		Months +'4 to 6'	
Ref.	Cash Outflow Item	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group	Intra-Group	Non Intra-Group
28	Payments to Trade Creditors														
29	Payments to Non-Trade Creditors														
30	Fees and Commission Expenses														
31	Staff Expenses														
32	Other Operating Expenses														
33	Interest and Dividend Payments														
34	Margin Payments														
35	Cash outflows re the purchase of liquid assets														
35a	- Precious Metals / Other Commodities														
35b	- Central Bank Securities														
35c	- Treasury Bills / Notes														
35d	- Government Bonds														
35e	- Securities issued by group entities and connected counterparties														
35f	- Other readily marketable securities														
36	Capital Payment on Debt														
37	Payments on Financial Liabilities [other than those specified at 33, 34 or 36]														
38	Purchase of Financial Assets [other than those specified at 35]														
39	Purchase of Tangible Fixed Assets														
40	Capital Contribution Payment														
41	Equity Purchase [Re-purchase of own shares]														
42	Tax Payments	X	X	X	X	X	X	X	X	X	X	X	X	X	X
43	Off-Balance Sheet Cash Outflows														
44	Other Cash Payments														

65. This monthly depiction of firms' cash flows will allow us to build trends at both a firm and market-wide level. It will allow us to recognise periods of excess liquidity in the market and to identify trends of contracting liquidity. At an individual firm level it will enable us to identify if liquidity problems are building and to pinpoint upcoming funding gaps by analysing cash inflows against cash outflows. These can be assessed against the liquid assets position in Table 4.1a and any regulatory concerns can therefore be addressed proactively.

66. It is proposed that all MiFID and IIA Non-Retail investment firms will complete the liquidity return on a quarterly basis and that the return will be due for submission on the first working day on or after the 20<sup>th</sup> day of the month after the previous quarter-end. However individual firms may be asked to submit the return on a more frequent basis (e.g. monthly) at their supervisor's discretion.

**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.**

**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.**

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

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

## 4.2 Asset Concentration Report

67. Asset concentration is an area where the Central Bank currently has a severe information deficit. We are therefore proposing the introduction of an asset concentration report which will show asset concentrations by counterparty. The return will be applicable to all MiFID and IIA Non-Retail investment firms. This will allow regular periodic monitoring of asset concentrations at counterparty, firm and sector-wide levels.

68. The template of the proposed report is depicted in Table 4.2. We are proposing that firms will provide detail on either (i) *all* asset counterparty

concentrations that are greater than 10% of own funds or (ii) if there are less than three such concentrations, the firm will provide detail on its *top three* asset counterparty concentrations, *regardless of their size as a percentage of own funds*. Detail is required by counterparty on both the gross and net (of provisioning) asset amounts and on whether there are any liabilities owing to the same counterparty. Firms are also asked to confirm whether there is an *enforceable* legal contract in place that allows netting of assets and liabilities for that counterparty and to provide details of any collateral held.

69. It should be highlighted that, when assessing their asset counterparty concentrations, firms should consider all on and off balance sheet exposures and accordingly include the total relevant exposure for each counterparty that is captured in the return.

70. We are proposing that all MiFID and IIA Non-Retail investment firms will submit this return on a quarterly basis with a due date of 20 working days after the previous quarter end.

**Table 4.2 Asset Concentration Report**

Please list below <u>all</u> asset counterparty concentrations that are greater than 10% of own funds <b>OR</b> , if this comprises of less than three entries, list the firm's top three asset counterparty concentrations (regardless of size as a percentage of own funds).						
Counterparty Name	Gross Asset Amount €	Less any Provision €	Net Asset Amount €	Liabilities owing to the same counterparty €	Is there an enforceable legal contract in place that allows netting of assets and liabilities for this counterparty?	Value of collateral held (if applicable) €

**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.**

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

### 4.3 Error and Breach Reporting

71. Currently Irish investment firms report errors and breaches to the Central Bank by way of non-standardised letters. This process is both inefficient and prone to oversights. Therefore we are proposing the introduction of structured error and breach reporting for all MiFID firms. We believe that this will result in increased efficiency for both firms and supervisors and will lead to more timely notifications to the Central Bank as errors and breaches are discovered by firms. The return will facilitate MiFID firms in meeting their obligations under Section 1.2 of the Central Bank's *Supplementary Supervisory Requirements for Investment Firms under S.I. No. 60 of 2007*<sup>11</sup>.

72. It is envisaged that a similar return will be developed for IIA Non-Retail investment firms; until this time IIA Non-Retail investment firms will continue to report errors and breaches via letter to the Central Bank.

73. Our proposal for error and breach reporting for MiFID firms consists of two parts. Firstly we have developed an Error and Breach Notification Template. This will be available on the online reporting system and MiFID firms will be able to access and submit it immediately upon discovering an error or breach. The template looks for details on the classification or type of error or breach and the date it occurred, along with the date it was discovered and the actions undertaken to address the issue. We believe that this template will be beneficial to MiFID firms by enabling easier classification of the error or breach into its relevant category and by specifying a clear structure and format for the information to be included. The proposed Error and Breach Notification Template is set out in Table 4.3a.

74. The second part of our proposal for error and breach reporting for MiFID firms involves the introduction of a quarterly submission from MiFID firms confirming whether there have been any errors or breaches identified in the previous quarter other than those already reported to the Central Bank via the Error and Breach Notification Template. By introducing this quarterly submission, we aim to encourage MiFID firms to reflect upon the previous quarter's performance with regard to errors and breaches, thereby avoiding potential oversights. If a firm realises that it has identified an error or breach in the previous quarter that was not reported to the Central Bank, an Error and Breach Notification return should be submitted immediately. The format of the quarterly submission is laid out in Table 4.3b and we are proposing that all MiFID firms will submit Table 4.3b by the 20<sup>th</sup> working day after each quarter end.

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<sup>11</sup> The Central Bank's *Supplementary Supervisory Requirements for Investment Firms under S.I. No. 60 of 2007* is available at: <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Documents/Supp%20Sup%20Req%20for%20Investment%20Firms%20011107.pdf>



Table 4.3a *Error and Breach Notification Template*

Error and Breach Notification DD/MM/YYYY	
<b>Firm Name:</b>	<b>Date of Error or Breach:</b>
<b>Breach of Client Asset Requirements</b>	
Segregation of client assets from the firm's own assets (Designations)	<input type="checkbox"/>
Correct assets to be held in a client account	<input type="checkbox"/>
All client asset account reconciliations	<input type="checkbox"/>
Written confirmations	<input type="checkbox"/>
Daily calculations	<input type="checkbox"/>
Other breach to the client asset requirements? If so, please specify: (MAX 200 words)	<input type="checkbox"/>
<b>MiFID Breach</b>	
Organisation Requirements and Compliance (MiFID 33)	<input type="checkbox"/>
Further – business procedures, internal control mechanisms and reporting (MiFID 34)	<input type="checkbox"/>
Further – monitoring and evaluating systems, control mechanisms (MiFID 35)	<input type="checkbox"/>
Risk Management Function (MiFID 36)	<input type="checkbox"/>
Outsourcing (MiFID 37)	<input type="checkbox"/>
Breach of authorised services / activities	<input type="checkbox"/>
Breach of conditions imposed	<input type="checkbox"/>
Other MiFID breach? If so, please specify: (MAX 200 words)	<input type="checkbox"/>
<b>Capital Requirements Directive Breach (where applicable)</b>	
Breach of Capital Requirements	<input type="checkbox"/>
Breach of Large Exposure Requirement	<input type="checkbox"/>
Other CRD breach? If so, please specify: (MAX 200 words)	<input type="checkbox"/>
<b>General Breach</b>	
Breach of Anti-Money Laundering or Countering Terrorist Financing regulations	<input type="checkbox"/>
Breach of supplementary supervisory requirements	<input type="checkbox"/>
Is there any other breach that you need to bring to the attention of the Central Bank? If so, please specify: (MAX 200 words)	<input type="checkbox"/>
<b>Reporting Error</b>	
Has any reporting error occurred? If so, please specify: [Do not include errors which have been rectified on the online reporting system] (MAX 200 words)	<input type="checkbox"/>
<b>Material Operational Incident</b>	
Has there been a breach of internal procedures? If so, please specify: (MAX 200 words)	<input type="checkbox"/>
<b>Specify actions undertaken to fix the error or breach:</b>	

**Table 4.3b Error and Breach Confirmation**

Error and Breach Confirmation DD/MM/YYYY		
Name of Firm:		
Have you identified any errors or breaches in the previous quarter other than those already submitted to the Central Bank of Ireland on the Error and Breach Notification template?	Yes	No

**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.**

**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.**

## 4.4 ICAAP Report

75. This section is applicable to all MiFID firms that are subject to the Capital Requirements Directive (CRD) as implemented by S.I. No. 660 of 2006 (as amended) and S.I. No. 661 of 2006 (as amended). Since 1 January 2007 MiFID firms subject to the CRD have been obliged to have an Internal Capital Adequacy Assessment Process (ICAAP) in place in accordance with paragraph 1 of Regulation 65 of S.I. No. 661 of 2006 (applied to investment firms through Regulation 32 of S.I. No. 660 of 2006).

76. The specific requirement in paragraph 1 of Regulation 65 of S.I. No. 661 of 2006 is that firms '*shall have in place sound, effective and complete strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that they consider adequate to cover the nature and level of risks to which they are or might be exposed*'.

77. Paragraph 2 of Regulation 65 requires firms to regularly review the strategies and processes referenced in paragraph 1 to ensure that they continue to be comprehensive and proportionate to the nature, scale and complexity of the activities of the firm.

78. In addition, paragraph 1 of Regulation 66 of S.I. No. 661 of 2006 (as amended) – applied to investment firms through Regulation 35 of S.I. No.

660 of 2006 (as amended) – specifies that the Central Bank shall review the ‘*arrangements, strategies, processes and mechanisms*’ that are implemented by firms in order to comply with the Capital Requirements Directive and shall evaluate the risks to which firms are or might be exposed. Paragraph 5 of Regulation 66 requires that this review and evaluation be updated at least on an annual basis.

79. Therefore, in order to improve the efficiency and effectiveness of the review and evaluation process, the Central Bank has developed an ICAAP Report for relevant MiFID firms - outlined below in Table 4.4.

80. The ICAAP Report will replace the ICAAP Questionnaire which is currently requested on an „as needs” basis from „small, non-complex firms” as defined in the Central Bank’s December 2006 publication *Investment Firms’ Guidelines on ICAAP Submission*. „Large and/or complex firms” – as defined in the same publication – will still be required to submit the existing ICAAP Portal on an „as needs” basis.

81. It is proposed that all MiFID firms subject to the Capital Requirements Directive will complete the ICAAP Report on an annual basis. However, the Central Bank reserves the right to request the ICAAP Report more frequently on a case-by-case basis.

82. The ICAAP Report is divided into three sections: (i) governance, (ii) methodology and exposures and (iii) risk mitigation.

83. The section on governance looks for confirmation on whether the firm has an ICAAP specific to its own, locally-managed activities along with information on the Board of Directors’ oversight and sign-off of the ICAAP.

84. The methodology and exposures section firstly looks for information on the specific methodology employed by the firm for its ICAAP and secondly focuses on quantitative information pertaining to the firm’s risk exposures. From our review of MiFID firms’ ICAAPs to date, the Central Bank has identified a common issue in that the majority of firms are providing insufficient quantitative information on their risk exposures. The ICAAP Report addresses this issue by asking firms to consider and input both the gross amount of the risk exposure and the amount of resource allocated for each risk.

85. ICAAPs should be forward looking. Thus, the ICAAP Report also asks firms to consider which risks they will be exposed to in one year’s time and again looks for quantitative detail on expected exposures and resource allocations.

86. The risk mitigation section requests information on three topics: stress/scenario testing; wind down analysis; and professional indemnity insurance.

**Table 4.4 ICAAP Report**

Investment Firm ICAAP Report			
<b>Governance</b>			
1	Does your firm have an Internal Capital Adequacy Assessment Process specific to its own, locally-managed activities?	yes/no	<input style="width: 80%;" type="text"/>
2	When was your firm's current ICAAP signed-off by your Board of Directors?	dd/mm/yy	<input style="width: 80%;" type="text"/>
3	When is your Board of Directors next scheduled to sign-off on revisions to your ICAAP?	dd/mm/yy	<input style="width: 80%;" type="text"/>
4	How frequently does your Board of Directors consider the outputs of your ICAAP?	# months	<input style="width: 80%;" type="text"/>
5	Has your Board of Directors developed and signed-off on a risk appetite statement in conjunction with the development and review of your firm's ICCAP?	yes/no	<input style="width: 80%;" type="text"/>
6	List the committees of your firm's Board of Directors (300 word max.): <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>		
<b>Methodology and Exposures</b>			
7	Does your firm employ one of the three ICAAP methodologies identified in Section 2.2 of CEBS 2006 76 (Paper on the ICAAP for Smaller Institutions)?	yes/no	<input style="width: 80%;" type="text"/>
	If yes, confirm which one of these methodologies your firm utilises:		
8	· Pillar 1 minimum capital requirement approach	tick	<input style="width: 80%;" type="checkbox"/>
9	· Structured approach		<input style="width: 80%;" type="checkbox"/>
10	· Allocation of risk-taking approach		<input style="width: 80%;" type="checkbox"/>
11	If no, succinctly describe the methodology your firm employs (300 word max.): <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>		
	Is your firm currently exposed to the risks listed below? If so, what is the gross amount of the exposure (B) and the amount of capital resource you have allocated to each of the risks (C)?	yes/no	gross amount 000s
		A	B
		C	capital allocated 000s
12	· market risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
13	· credit risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
14	· operational risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
15	· liquidity risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
16	· securitisation risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
17	· insurance risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
18	· pension obligation risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
19	· concentration risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
20	· residual risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
21	· strategy (or business) risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
22	· interest rate risk	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
23	· other, firm-identified risks	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
24	· TOTALS	<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text"/>
25	What is the reference date at which the above ICAAP values were calculated?		dd/mm/yy <input style="width: 80%;" type="text"/>

**Table 4.4 ICAAP Report (continued)**

Investment Firm ICAAP Report (cont'd)			
Will your firm be exposed to the risks below one year from the reference date identified in Q.25? If so, what are the expected gross amounts of the exposures (B) and the amounts of capital resource you expect to allocate to each of them (C)?			
	yes/no	gross amount 000s	capital allocated 000s
	A	B	C
26	· market risk		
27	· credit risk		
28	· operational risk		
29	· liquidity risk		
30	· securitisation risk		
31	· insurance risk		
32	· pension obligation risk		
33	· concentration risk		
34	· residual risk		
35	· strategy (or business) risk		
36	· interest rate risk		
37	· other, firm-identified risks		
38	· TOTALS		
<b>Risk Mitigation</b>			
39	Does your firm undertake stress and/or scenario testing as part of its Internal Capital Adequacy Assessment Process?		yes/no <input type="text"/>
In your ICAAP, has your firm considered the impact of an economic downturn on:			
40	· your firm's financial position?		yes/no <input type="text"/>
41	· your business plans?		<input type="text"/>
42	Do your Pillar 2 capital requirements (Column C figures above) include the results of the stress and/or scenario testing?		yes/no <input type="text"/>
43	If the Column C figures above <u>do not</u> include the results of the stress and/or scenario tests undertaken, by what amount would your Pillar 2 capital requirement increase if the Column C figures did include the results of the stress and/or scenario tests (at the reference date specified in Q.25)?		000s <input type="text"/>
44	If your firm has calculated the total cost of an orderly wind-down of the firm's business, then please specify that amount.		000s <input type="text"/>
45	What length of time has your firm calculated it will take to wind-down in an orderly fashion?		# months <input type="text"/>
46	Does your firm have sufficient liquidity to meet your liabilities as they fall due in the circumstances of an orderly wind-down?		yes/no <input type="text"/>
47	Does your firm have any professional indemnity insurance cover?		yes/no <input type="text"/>
If so:			
48	· What is the limit of the indemnity in aggregate?		000s <input type="text"/>
49	· What is the largest single claim that can be made?		<input type="text"/>
50	· What is the policy excess amount for any single claim?		<input type="text"/>
51	· What is the annual cost of the policy?		<input type="text"/>
52	· What amount of the cover is utilised as a mitigant against the firm's gross operational risk (Q.14)?		<input type="text"/>

**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**

## 4.5 CRD Pillar 3 Disclosures Reporting

87. This section is only applicable to MiFID firms that are subject to the Capital Requirements Directive as implemented by S.I. No. 660 of 2006 (as amended) and S.I. No. 661 of 2006 (as amended). It is current practice that these firms send confirmation in writing on an annual basis to the Central Bank that they have complied with Pillar 3 disclosures. Similar to the current error and breach reporting process, this practice is non-standardised and can result in inefficiencies. Therefore, we have developed a structured template for these Pillar 3 confirmations, which will be available to firms on the online reporting system. It is proposed that firms will complete and submit this template on an annual basis at the same time as they submit their audited year-end financial statements.

88. The proposed template is outlined in Table 4.5 and is divided into two sections. In Section 1, the template seeks to identify whether the firm:

- has made full Pillar 3 disclosures,
- has made limited Pillar 3 disclosures as it is a significant subsidiary<sup>12</sup> of an EU parent institution – as referenced under Regulation 16 of S.I. No. 661 of 2006 (as amended) – and the EU parent institution has made full Pillar 3 disclosures on the basis of its consolidated financial situation,
- has not made Pillar 3 disclosures as it is a subsidiary of an EU parent institution that is not classified as significant (and the EU parent institution has made full Pillar 3 disclosures on the basis of its consolidated financial situation), or
- has not made Pillar 3 disclosures as it has written approval of exemption under Regulation 16(5) of S.I. No. 661 of 2006 (as amended).

89. Section 2 asks firms to provide detail in regard to the location of their Pillar 3 disclosures.

<sup>12</sup> Guidance on the definition of a „significant subsidiary“ is provided in Section 6.4 of the Financial Regulator’s 28 December 2006 paper [Implementation of the CRD](#).

Table 4.5 Pillar 3 Disclosures Reporting Template

Name of Firm:			
Reporting Date:			
<b>SECTION 1</b>			
<b>Please select the relevant category:</b>			
(a)	The firm has made full Pillar 3 disclosures in accordance with one of Regulation 16(1), Regulation 16(3) or Regulation 72(1) of S.I. No. 661 of 2006 (as amended). [N1]	<input type="checkbox"/>	
(b)	The firm is a significant subsidiary as referenced under Regulation 16(2) or 16(4) of S.I. No. 661 of 2006 (as amended) and has accordingly made the Pillar 3 disclosures applicable to significant subsidiaries as specified under that regulation. [N1]	<input type="checkbox"/>	
(c)	The firm has not made Pillar 3 disclosures as it is a subsidiary that is not classified as significant as referenced under Regulation 16(2) or 16(4) of S.I. No. 661 of 2006 (as amended). [N1]	<input type="checkbox"/>	
(d)	The firm has not made Pillar 3 disclosures as it has written approval of exemption under Regulation 16(5) of S.I. No. 661 of 2006 (as amended). [N1]	<input type="checkbox"/>	
<b>If category (c) is selected please confirm that the following criteria (i) and (ii) remain true:</b>			
(i)	Assets remain less than 5% of group assets	[Yes]	[No]
(ii)	Market share of relevant sector in Ireland remains less than	[Yes ]	[No]
<b>If category (d) is selected please confirm that (iii) remains true:</b>			
(iii)	The firm is included within comparable disclosures provided on a consolidated basis by a parent undertaking established in a third country.	[Yes]	[No]
<b>SECTION 2</b>			
<b>Please indicate where Pillar 3 Disclosures have been made:</b>			
(a)	Website	<input type="checkbox"/>	
(b)	Annual Report	<input type="checkbox"/>	
(c)	Premises	<input type="checkbox"/>	
(d)	Marketing Documentation	<input type="checkbox"/>	
(e)	Other	<input type="checkbox"/>	
<b>Please provide specific details as to where Pillar 3 disclosures have been made (e.g. website address etc.). Include parent entity name where relevant.</b>			
(MAX 200 words)			
<b>N1: Regulation 16 and Regulation 72 of S.I. No. 661 of 2006 (as amended) are applied to investment firms via Regulation 3 and Regulation 37 respectively of S.I. No. 660 of 2006 (as amended).</b>			

**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.**

**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?**

## 4.6 ICCL Report

90. This section proposes the introduction of a return in order to collect data on behalf of the Investor Compensation Company Limited (ICCL). The section is applicable to all MiFID and all IIA Non-Retail investment firms. These firms currently contribute to the ICCL on the basis of the number of clients. This position was confirmed by the ICCL's most recent funding consultation, the results of which were published in June 2010. For the next funding consultation, due in 2012, the ICCL is interested in exploring whether the contributions of individual Fund A firms could be related more closely to the exposure they represent to the ICCL, measured by the number of eligible clients (as defined in the Investor Compensation Act 1998 – broadly speaking retail clients) and the (average) size of their investments.

91. An additional consideration is that the EU Commission, in its proposal to amend the Investor Compensation Scheme Directive<sup>13</sup>, is also seeking to introduce a minimum target fund that should be financed by contributions calculated in accordance with a common system applicable across all Member States. The Commission is exploring the possibility of devising a system that would capture accurately the exposure that each firm represents to investor compensation schemes. Information about the number of "eligible" clients as well as the size of their investment, along with other information available elsewhere (e.g. whether the firm holds client assets) are likely to form the basis of the system of calculation.

92. Accordingly, we are seeking information from each firm regarding the number of eligible clients together with information about the size of each client's investments. It is envisaged that this information will be useful to the ICCL whether for the purposes of its next funding consultation, due in 2012, or for the purposes of implementing the EU Directive.

93. The proposed return is outlined in Table 4.6 ICCL Report. Relevant firms will be required to submit this return annually with a due date of 31 December.

<sup>13</sup> More information on the EU Commission proposal is available at [http://ec.europa.eu/internal\\_market/securities/isd/investor\\_en.htm](http://ec.europa.eu/internal_market/securities/isd/investor_en.htm)



**Table 4.6 ICCL Report**

ICCL Report	
NAME OF FIRM €	<input type="text"/>
1 How many eligible clients have amounts at or above the compensation threshold?	<input type="text"/>
2 How many eligible clients have amounts below the compensation threshold?	<input type="text"/>
3 What is the average value of accounts below the compensation threshold?	<input type="text"/>

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

## 5. Proposed Implementation Timetable

94. The Central Bank is proposing to roll-out the proposals discussed in this paper in two separate phases as depicted in Tables 5A *Phase 1 Implementation* and 5B *Phase 2 Implementation*.

95. Phase 1 implementation includes all the proposals outlined in sections 2 and 3 of this paper with the exception of the Stockbrokers Revenue Analysis detailed in section 2.3. **We are aiming for the 30 June 2011 for phase 1 release.**

96. Phase 2 implementation includes all the proposals outlined in section 4 – i.e. the roll-out of the proposed new returns – and the Stockbrokers Revenue Analysis detailed in section 2.3. **We are planning a release date of 31 December 2011 for phase 2.**

97. It should be noted that this is a challenging timetable for implementation and is subject to change.

98. All returns will be due from firms on the first due date after the relevant release date according to the frequency and due date rules for each return. There is one exception to this as follows:

99. We are proposing a grace period for firms in relation to the submission of the FINREP and the Supplementary Financial Reporting Return. For the first set of management accounts due on / after 30 June 2011, firms will have until 30 September 2011 to submit. After 30 September 2011 firms must submit management accounts in accordance with the frequency and due date rules for their firm.

100. In relation to audited year-end financial statements, for firms with a due date for the submission of audited annual accounts falling in the period 01 January 2011 to 30 September 2011, the firm will have until 30 September 2011 to submit the relevant returns on the online reporting system. After 30 September 2011 firms must submit audited annual accounts in accordance with the frequency and due date rules for their firm.

101. It should be noted that firms who have submitted their individual annual reports / year-end financial statements pack in hard copy or pdf format prior to 30 June 2011 will also be required to submit the return via the online reporting system. As noted in Section 2, this dual submission basis for audited annual accounts will be required going forward.

102. Guidelines on the completion of returns will be made available for firms.

103. The Central Bank will be publishing a feedback statement in relation to this consultation which will include final decisions on the proposals detailed in the paper. This will be staggered in two phases in line with the responses to the consultation. The feedback statement on the proposals outlined in sections 2 and 3 will be issued prior to 30 June 2011. The feedback

statement on the proposals outlined in sections 4 and 5 will be issued prior to 30 September 2011.

**Table 5A Phase 1 Implementation**

Return Name	Addressed in Section:	Proposed release date
FINREP	Section 2.1	30 June 2011 (with grace period to 30 Sep 2011)
Supplementary Financial Reporting Return	Section 2.2	30 June 2011 (with grace period to 30 Sep 2011)
Weekly Stockbroker Report	Section 3.1	30 June 2011
Monthly Key Data Report	Section 3.2	30 June 2011
Client Money Report	Section 3.3	30 June 2011
Capital Adequacy Statement	Section 3.4	30 June 2011
Assets under Management Report	Section 3.5	30 June 2011

**Table 5B Phase 2 Implementation**

Return Name	Addressed in Section:	Proposed release date
Stockbrokers Revenue Analysis	Section 2.3	31 December 2011
Liquidity Return	Section 4.1	31 December 2011
Asset Concentration Report	Section 4.2	31 December 2011
Error and Breach Notifications Report	Section 4.3	31 December 2011
Error and Breach Confirmation	Section 4.3	31 December 2011
Pillar 3 Disclosures Report	Section 4.4	31 December 2011
ICAAP Review	Section 4.5	31 December 2011
ICCL Report	Section 4.6	31 December 2011

**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.**

**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.**



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