

AIG Asset Management (Ireland) Limited

Re: Consultation Paper 52- Proposed changes to regulatory reporting requirements for Irish Investment Firms

Section 2 FINREP and Financial Reporting

Question 1:

Do you agree with or view that the implementation of the FINREP framework will not pose a significant issue for firms reporting in Irish GAAP? Please explain your answer.

We do not believe that the implementation of the FINREP framework will pose a significant issue from our perspective, as our management accounts provide sufficient detail to enable us to re-class the various lines. The new International Financial Reporting Standards will be implemented and applied to our 2014 financials, hence we will need to have amended processes in place to apply to our closing balance sheet at the end of 2012 (for 2013 comparative opening balances).

Question 2:

Irish GAAP gives the option of whether or not to adopt FRS 25 (IAS 32) 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 for the FINREP framework? Please explain your answer.

AIGAMIL is already in compliance with FRS 25 and FRS 26 so this will not have an effect on our implementation of the FINREP framework.

Question 3:

Upon reviewing the format and the 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.

The tables are appropriate. They include a lot more detailed information than was previously requested and hence will require more time to be complete.

Question 4:

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

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The 20% variance is appropriate as it should streamline and enhance the current review and query process. The 20% criterion should ensure all material variances are captured.

Question 5:

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

No other general comments

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 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

All information is currently supplied so no issue with supplementary financial reporting return.

Question 7:

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

No other general comments

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Section 3 - Changes to existing returns

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.

There is minimal change between the existing return and that of the proposed change to the Monthly Key Data Report. The data is easily obtainable from each of the company's respective departments and would be easily incorporated into current procedures. Further the implementation date of the 30th of June seems reasonable given the minimal impact of the proposed changes. That being said a few suggestions below:

- One suggestion concerning the format would be to add a "n/a" field to the monthly key data report beside "Client Assets held". This may negate queries from the Central Bank to investment firms as to why the fields were not completed in the first instance.
- Another suggestion would be to include a field for a person's name to be input. This person would serve as a direct point of contact for queries concerning the content of the monthly key data report.
- Currently the IFSRA is submitted monthly. It is suggested that not all investment firms should be subject to this monthly obligation. Where an investment firm particularly one such as AIG Asset Management (Ireland) Limited holds no client funds nor has it any retail clients, it is submitted that the return should be completed quarterly given the nature of MiFID legislation to specify enhanced obligations surrounding retail clients.

Question 13:

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

This revision just simplifies the current return and so there is no issue with the proposed amendments.

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.

There is no issue with the increased frequency or content of the above submission as all information required is available at hand.

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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.

The criteria for liquid assets is appropriate. It would seem that the time to cash period is too small as it would exclude for example cash that is on 30 day deposit.

Section 4 – Proposed New Returns

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.

AIGAMIL liquid assets will fall under cash and cash equivalents so there is no issue with the categories specified.

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.

No amendments are suggested as the categories as listed will cover all the main cash receipts and outflows of AIGAMIL.

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.

AIGAMIL currently prepares a monthly cash flow analysis that is projected out for 6 months so this is feasible. However the reliability of the data diminishes, the further out the projection is made, i.e. it is easier to project cash flow for months 1-3 than 4-6.

Question 19:

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

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Deadlines are appropriate as AIGAMIL would have completed its projections before the proposed dates.

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

No other suggestions.

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.

No comment as the format is appropriate.

Question 22:

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

Frequency and deadline are feasible as the information can be easily obtained

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 there are additional categories that should be included on this template? Please give reasons for your answers.

An online standardised template it is submitted will prove helpful to investment firms to ensure that they provide the appropriate information required by the Central Bank.

- One suggestion would be to include a field on the template to ask the date the error/ breach was detected by the investment firm. This may avoid queries from the Central Bank to Investment Firms as to the delay in error / breach reporting where the delay in discovery is significant.
- Another suggestion would be to define what is understood by materiality so as to prevent irrelevant and excessive reporting by investment firms. A materiality threshold / index would serve as guide to investment firms to ensure the Central Bank receives the most relevant breach/error reports.
- The breach options outlined on the template are sufficiently general as to cover all eventualities that may be experienced by investment firms and so there are no further comments to add.
- Further, the proposed implementation date of the 31st of December 2011 is reasonable given an investment firm is only required to review current procedures to ensure timely completion of the proposed template.

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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.

Given that MiFID promotes self-regulation, it is submitted that the error and breach quarterly confirmation submission is unnecessary and an undue burden on investment firms. The Error and Breach Notification Template outlined by Table 4.3a is a sufficient document for recording all breaches and errors experienced by an investment firm.

Where an investment firm has notified the Central Bank of all breaches/ errors incurred for the quarter it seems unnecessary that the same investment firm must submit a return to certify all breaches and errors have in fact been recorded.

Where an investment firm may have omitted to timely report a breach / error it is suggested that an additional field should be added to the Table outlined in 4.3a which would enable the investment firm to account for not reporting the breach /error at the time of detection.

A similar suggestion would be to create a late submission form for investment firms to complete where a breach / error is deemed reported late (as defined by the Central Bank) along with submission of the above template.

Another alternative suggestion would be to input a declaration at the end of the error and breach notification template to the effect that all material breaches and errors have been reported as at the date of submission of the current template. This would cause each investment firm to reflect on whether there are any other breaches or errors that require reporting at the same time one is currently being reported.

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*

No comments / suggestions

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.

No comments / suggestions – filing of financial statements constitutes a Pillar 3 disclosure

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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?

Timing seems reasonable.

Section 5 – Proposed Implementation Timetable

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 firm? If so, please provide detail.

No suggestions on the implementation timetable. More detailed guidelines should be published with the roll-outs.

As mentioned above given the nature of the changes proposed the timetable for implementation seems reasonable.

Training may be helpful when the time comes to submit returns online. A user guide to the online system should be satisfactory.

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.

Industry data may prove useful for various comparative purposes, specifically in negotiations with related parties.

Aggregate industry data may prove useful by way of comparison to the industry standard. It would also serve as a point of reference to ensure that our company is in line with all of its obligations and indeed as a point of information to strive to maintain best practices.