



Banc Ceannais na hÉireann
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Phase 2 Feedback Statement on CP52 – Proposed changes to regulatory reporting requirements for Irish investment firms



Contents

Introduction	2
Phase 2 Summary	4
<i>General comments</i>	4
<i>CP52 Section 2.3 Stockbrokers Revenue Analysis</i>	5
<i>CP52 Section 4.1 Liquidity Return</i>	6
<i>CP52 Section 3.2 Monthly Metrics Report</i>	9
<i>CP52 Section 4.2 Asset Concentration Report</i>	10
<i>CP52 Section 4.3 Error and Breach Reporting</i>	12
<i>CP52 Section 4.4 ICAAP Report</i>	15
<i>CP52 Section 4.5 CRD Pillar 3 Disclosures Report</i>	18
<i>CP52 Section 4.6 ICCL Report</i>	19
<i>CP52 Section 5 Proposed Implementation Timetable</i>	22
Appendices	
Appendix 1 – Stockbrokers Revenue Analysis	24
Appendix 2 – Monthly Metrics Report	25
Appendix 3 – Asset Concentration Report	26
Appendix 4 – Breach, Error and Incident Reporting Template	27
Appendix 5 – Pillar 3 Disclosures Reporting Template	34

Introduction

1. On the 24 March 2011 the Central Bank of Ireland (“Central Bank”) published Consultation Paper 52 – *CP52 Proposed changes to regulatory reporting requirements for Irish investment firms* (“CP52”)¹.
2. CP52 is relevant for investment firms authorised under S.I. No. 60 of 2007, the European Communities (Markets in Financial Instruments) Regulations 2007 (“MiFID firms”) and *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”.
3. It should be noted that CP52 is not relevant for either retail intermediaries or fund service providers authorised under the Investment Intermediaries Act, 1995.
4. CP52 set out the Central Bank’s proposals for changes to the regulatory reporting requirements for Irish investment firms, including
 - the implementation of FINREP – the European Banking Authority’s (EBA) financial reporting framework – for the submission of both Irish investment firms’ management accounts and audited year-end financial statements²;
 - modifications to existing returns; and
 - the introduction of a number of new regulatory returns.
5. The Central Bank invited comments on CP52 in two phases. The closing date for comments on phase 1 (sections 2 and 3 of the consultation paper) was 6 May 2011 and the Central Bank’s *Phase 1 Feedback Statement on CP52 – Proposed changes to regulatory reporting requirements for Irish investment firms*³ was subsequently published on the 25 May 2011. The closing date for comments on phase 2 (sections 4 and 5 of CP52) was 27 May 2011.
6. We received eleven responses on the phase 2 sections of CP52, including one joint response from two firms and a response from an industry body. The Central Bank is grateful to all parties who responded to phase 2 of the consultation and we thank you for your time and effort. All responses, except those from participants who requested that we keep their feedback confidential, are available on our website at:

<http://www.centralbank.ie/regulation/consultation-papers/Pages/closed.aspx?CPNumber=CP52>

¹ A copy of *CP52 Proposed changes to regulatory reporting requirements for Irish investment firms* is available for download at the following link:

<http://www.centralbank.ie/regulation/consultation-papers/Pages/closed.aspx>

² More information on the EBA’s FINREP framework is available at the following link:

<http://www.eba.europa.eu/Supervisory-Reporting/FINER.aspx>

³ A copy of the Central Bank’s *Phase 1 Feedback Statement on CP52 – Proposed changes to regulatory reporting requirements for Irish investment firms* is available for download at the following link:

<http://www.centralbank.ie/regulation/consultation-papers/Pages/closed.aspx?CPNumber=CP52>

7. The *Phase 2 Summary* below provides an overview of points raised in the phase 2 responses along with the Central Bank's comments and / or decisions. It includes a general section containing points that are not specific to one particular report and also individual sections specific to each report. All changes to the phase 2 proposals outlined in CP52 are highlighted within the *Phase 2 Summary*. Firms should assume that otherwise the phase 2 proposals are being implemented as described in CP52.

Phase 2 Summary

General comments

8. One respondent noted that the Central Bank's Online Reporting System is not user friendly as all data must be manually keyed in and the system does not perform automatic totalling. The respondent commented that, given the large amount of returns which will now be submitted via the Online Reporting System, the administrative burden on firms would be reduced if these issues were addressed.

Central Bank: During the course of 2012, we will investigate the feasibility of introducing software to allow firms to upload data directly from their own databases to the Central Bank's Online Reporting System. This would reduce firms' on-going administrative burden by eliminating the need to manually enter data into the system, however would entail a significant amount of initial implementation work by the Central Bank and by firms. We will engage with industry during 2012 in order to gauge the level of interest in such a solution.

Notwithstanding the above, we believe that the present migration to online reporting for Irish investment firms will create efficiencies for firms and will reduce their current administrative burden.

9. One response noted that a matrix of due dates of all regulatory returns for each regulated entity would be useful in order to provide clarity as to when each return is due.

Central Bank: Our letter of 25 May 2011 set out the phase 1 regulatory returns to be submitted on the Online Reporting System, along with their associated due dates. Phase 2 returns and due dates will be communicated to firms in a similar fashion.

In addition we are in the process of rolling out automatic reminder and notification emails which will remind firms when individual returns are due and notify firms when returns become overdue.

CP52 Section 2.3 *Stockbrokers Revenue Analysis*

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.

10. Two responses (including one joint response from two firms) provided comments in relation to the *Stockbrokers Revenue Analysis* proposed in Section 2.3 of CP52.
11. On Section A of the return, one respondent commented that the split of bond commissions between corporate and government bonds is irrelevant and suggested that bond commissions should instead be reported as one figure. Another respondent suggested the addition of a foreign exchange commission category.
12. One respondent asked for clarification on whether the information requested in Section B on the top ten commission earning stocks should be reported by name, sedol or ISIN.
13. On Section C *Proprietary Trading Breakdown*, comments were made by the two firms who submitted the joint response stating that it is not possible to split out proprietary trading gains between 'market making' and the other categories. One firm suggested that the classification here should only be between the two categories of 'bonds' and 'equities'.
14. There were also requests for clarification with regard to the categories of firms that will be required to submit this return and the frequency of submission.

Central Bank: Further to the receipt of the above responses, we separately engaged with a number of stockbroking firms in relation to this return in order to follow up on the comments that were made and to gain an understanding of any difficulties firms might face in reporting the data as requested. As a result of this engagement process the following decisions were made:

- In Section A of the return, we will retain the split of bond commissions between corporate and government bonds.
- We will not include an additional foreign exchange commission category in Section A.
- The categories in Section C *Proprietary Trading Breakdown* will

remain as proposed in CP52.

In addition we would like to clarify the following:

- In Section B, the top ten commission earning stocks should be reported by name and ISIN. We will include an additional column in Section B to facilitate this.
- This return is applicable to stockbroking firms that are authorised by the Central Bank and are members of the Irish Stock Exchange⁴.
- This return should be submitted by relevant firms at the same time as they submit their audited year-end financial statements and management accounts on the FINREP tables on the Online Reporting System. It should therefore accompany *each* FINREP submission.

The amended return is set out in Appendix 1 below.

CP52 Section 4.1 *Liquidity Return*

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.

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.

⁴ The Central Bank may also require firms that are authorised by the Central Bank and are members of other stock exchanges to complete this return. This requirement will be assessed on an individual basis and any relevant firm will be notified by the Central Bank.

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

15. There were a wide variety of responses in relation to the *Liquidity Return* proposed in Section 4.1 of CP52.
16. These included comments from respondents to the effect that the return as proposed was not proportionate and that the work entailed in compiling the figures on a quarterly basis would be a significant burden on firms. A number of respondents also questioned the usefulness of the return, particularly for firms that are not of systemic importance. In addition it was noted that the liquidity position and liquidity requirements of individual investment firms are very specific to the firms' business models and that market level analysis is less relevant than it is in the banking sector.
17. In relation to question 15, three respondents believed that the time-to-cash period proposed in CP52 was appropriate or possible to provide. However a further five respondents believed that the time-to-cash period proposed was too short and recommended instead using time-to-cash criteria ranging from four weeks to three months.
18. On question 16, while a number of respondents agreed that the categories included in Table 4.1a *Liquid Assets* were, in general, appropriate, a number of other respondents disagreed with this view, noting concerns in relation to the appropriateness of the categories for venture capital firms and for trading firms. There were also a number of requests for guidance with regard to the definitions of the various categories and with regard to the calculation of the current market value.
19. There was a variety of opinion on the proposed cash inflow and cash outflow analyses. Four respondents commented to the effect that the categories included in Table 4.1b *Actual and Projected Cash Inflows* and Table 4.1c *Actual and Projected Cash Outflows* were broadly appropriate. However again other respondents disagreed, noting issues with the appropriateness of the categories for venture capital firms and for firms that do not trade on their own account. There were also requests for clarification on how particular items should be treated and on the definitions of certain categories.
20. In addition there were concerns expressed in relation to the compiling of the cash-flow analysis in general, notably:
 - difficulties trading firms would face in compiling cash-flow forecasts given that the trading book can turn over very quickly and very often and that cash positions for these firms are determined by trading activity,
 - cash-flow forecasting for non-complex firms would not provide meaningful information,

- there would be significant cost involved for firms in compiling historical cash-flows,
- a number of firms also questioned the usefulness and relevance of the historical cash-flow information to the Central Bank,
- the reliability of the forecast data diminishes the further out the projection is made and projecting out to six months may lead to ineffective and inaccurate reports,
- venture capital firms generally account to quarterly rather than monthly cycles, and
- there were also suggestions from other firms that a quarterly rather than monthly analysis would be more appropriate.

21. There were a number of comments to the effect that the requirement to complete the *Liquidity Return* should be assessed on a firm-by-firm basis with the focus on 'at risk' firms.

22. Finally there was a suggestion that the objectives of the *Liquidity Return* could be integrated with the *Monthly Metrics Report* (outlined in Section 3.2 of CP52) by including additional fields on the *Monthly Metrics Report* to monitor liquid assets and liabilities.

Central Bank: We have considered in detail all the responses received in relation to the *Liquidity Return* proposed in Section 4.1 of CP52. Given the wide variety of opinions received, the concerns expressed, the cost involved for firms in producing this information and our commitment to implementing proportionate, risk-based reporting requirements, we have decided not to go ahead with the roll-out of the proposed *Liquidity Return* at this stage.

Instead, as suggested by one respondent (an industry body), we will look to monitor the liquidity risk of Irish investment firms through the *Monthly Metrics Report*. In order to do this we will include a new liquidity section on the *Monthly Metrics Report* which will look for information on firms' current liabilities and liquid assets. Firms will be required to input their current liabilities in four buckets based on when they fall due: (i) 0 – 1 month, (ii) 1 – 3 months, (iii) 3 – 6 months and (iv) 6 – 12 months.

Firms will also be required to analyse their total liquid assets into the four buckets given above. In general we would expect liquid assets to fall into the '0 – 1 month' bucket, however there are some categories of assets (e.g. term deposits with no break clauses) that may be appropriate to include in the later buckets.

The amended *Monthly Metrics Report* is set out in Appendix 2 below. A guidance note will be issued upon roll-out of the revised *Monthly Metrics Report* which will provide direction on the completion of the new liquidity section. All Irish investment firms are required to complete and submit the *Monthly Metrics Report* by the first working day either on or after twenty calendar days from the previous month end.

In addition to the above, where we have supervisory concerns in relation to

an individual firm's liquidity risk or liquidity risk management, we may require the firm to submit detailed historical and forecasted cash-flow information.

Finally MiFID firms that are subject to the Capital Requirements Directive (CRD) should be aware that new requirements in relation to liquidity and reporting on liquidity are set out in CRD IV which is due to come into effect on 1 January 2013⁵. Based on the proposed text of CRD IV, MiFID firms that are authorised to deal on their own account and / or underwrite on a firm commitment basis will be required to report information on their liquid assets, liquidity outflows and inflows to the Central Bank. In order to facilitate this reporting requirement and to ensure standard reporting formats across EU Member States, the EBA is to develop draft implementing technical standards, specifying formats, frequencies and dates of reporting, by 1 January 2013. The formats and frequencies shall be proportionate to the nature, scale and complexity of different institutions' activities.

CP52 Section 3.2 *Monthly Metrics Report*

Central Bank: In addition to the new liquidity section in the *Monthly Metrics Report*, we are making other revisions to this return. Since the roll-out of the *Monthly Metrics Report* on the Online Reporting System on 30 June 2011 we have received a number of queries and comments from firms in relation to specific fields in the return. In response to these comments, and based on our own review of the information included in the return, we are making the following changes:

- Section 1: Firms are now required to input details of total client assets held, along with the sub-fields of client funds and client financial instruments. We hope that the new structure makes it clearer that the client assets field includes both client funds and client financial instruments held by firms.
- Section 3: We have added fields for intercompany debtors, the level of write-offs during the current month, creditors and intercompany creditors.
- Section 5 (Section 4 on the current return): A number of firms raised issues with categorising clients, for whom they provide regulated services other than MiFID services, using the MiFID *Professional* and *Retail* definitions. Therefore we are now including an additional field being *Other clients for whom the firm provides regulated services*. We have also received a number of queries with regard to the definition of current clients. Some firms may have clients on their system with whom they have not done business for a period of

⁵ More information on CRD IV is available on the European Commission's website at: http://ec.europa.eu/internal_market/bank/regcapital/index_en.htm#crd4

time. Therefore we are now asking firms to provide information on their number of clients under two headings – (i) *All clients* and (ii) *Clients with whom the firm has done business within the last twelve months*.

The revised *Monthly Metrics Report* is set out in Appendix 2.

CP52 Section 4.2 *Asset Concentration Report*

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.

23. Nine respondents provided comments on the *Asset Concentration Report* proposed in Section 4.2 of CP52.
24. Four respondents questioned the appropriateness of this return for firms that do not trade on their own account. In this regard two firms noted that from 1 January 2011 investment firms that do not deal on their own account or underwrite on a firm commitment basis are no longer required to monitor and control their large exposures in accordance with Articles 106 to 118 of Directive 2006/48/EC (Capital Requirements Directive). One of these firms further stated that the proposed *Asset Concentration Report* is a disproportionate re-imposition of a requirement that was rescinded by the EU and is not consistent with the Central Bank's risk-based supervision approach outlined in CP49.
25. Two respondents stated that the format of the return would not pose any issues for their firms.
26. A number of respondents made suggestions in relation to the format of the return. These suggestions included:
 - the addition of a field to flag exposures to group entities,
 - the addition of a field to show the marked-to-market value of open counterparty trading exposures in order to give context to the absolute risk of the firm to the counterparty in the event the

counterparty fails to settle the trade, and

- the addition of a field to show the 'net exposure' after provisions, counterparty liability set-off, collateral and the asset marked-to-market value. It was also suggested that this field should be used as the primary method by which data is sorted and presented to the Central Bank.

27. One respondent queried as to how asset counterparty concentrations should be calculated and asked for guidance in this regard.

28. In relation to question 22, four respondents commented to the effect that the proposed submission frequency and deadline were appropriate. A further firm commented that the *Asset Concentration Report* should be submitted at the same time as firms submit their COREP⁶ returns.

Central Bank: Firstly we would like to note that while the CRD now exempts certain investment firms (primarily those that do not deal on their own account or underwrite on a firm commitment basis or only do so in very limited circumstances) from the requirement to monitor and control their large exposures in accordance with Articles 106 to 118 of Directive 2006/48/EC, these firms are not exempt from monitoring and controlling their large exposures altogether.

MiFID firms that are subject to the CRD are reminded of their obligations under Annex V, Section 5 *Concentration Risk* of Directive 2006/48/EC.

Concentration risk is a key regulatory concern and the Central Bank considers it important to monitor this risk for all Irish investment firms. However we also wish to implement reporting requirements that are proportionate and risk based in nature. We have therefore considered the above responses in detail and are making the following changes to the proposals outlined in Section 4.2 of CP52:

- The *Asset Concentration Report* will not be rolled out to MiFID firms that are required to monitor and control their large exposures in accordance with Articles 106 to 118 of Directive 2006/48/EC. These firms will be required to complete and submit the EBA's common reporting templates for large exposures reporting. These templates will be made available on the Central Bank's Online Reporting System. Firms will be contacted by letter to explain this reporting requirement in more detail and to provide a timeline for its commencement (this will not be before 31 December 2011). In the meantime more information on the EBA's templates for large exposures reporting is available at: <http://www.eba.europa.eu/Supervisory-Reporting/COREP/Common-reporting-of-LE.aspx>
- All other Irish investment firms will be required to complete and submit the *Asset Concentration Report* annually. However if we have a supervisory concern in relation to a particular exposure or in relation to a firm's own monitoring and control of its counterparty

⁶ COREP refers to the EBA's common reporting framework for firms' capital requirements and own funds. More information on the framework is available at: <http://www.eba.europa.eu/Supervisory-Reporting/COREP.aspx>

exposures, we may require the firm in question to submit the *Asset Concentration Report* on a more frequent basis. In this regard firms should have the capability to produce the information required to complete the return at all times.

- In relation to the format of the return, we are including a field to flag exposures to group entities, however we are not adding fields to show the marked-to-market value of open counterparty trading exposures or the 'net exposure' as these fields are more relevant to firms that deal on their own account to which the return will no longer be applicable.
- Finally we are limiting the exposures that are required to be reported in this return to all counterparty concentrations that are greater than 10% of a firm's regulatory own funds.

We believe that the above changes allow for a more proportionate solution to the reporting of counterparty concentrations, with less of a burden on firms while still allowing the Central Bank to fulfil its supervisory duties.

A revised version of the *Asset Concentration Report* is set out in Appendix 3. A short guidance note will be issued upon roll-out of the return to provide instructions on how it should be completed.

CP52 Section 4.3 *Error and Breach Reporting*

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.

29. We received comments from all respondents on the proposals outlined in Section 4.3 of CP52 in relation to error and breach reporting by MiFID firms.
30. Four respondents commented to the effect that they welcomed the initiative to standardise the reporting of errors and breaches and / or considered the categories included in the return to be appropriate. A further respondent simply stated that they had no issue with the proposed return.

31. Eight respondents made comments in relation to materiality. Four respondents requested that materiality be defined or materiality thresholds set for all categories within the return, with two of these arguing that a failure to do so would result in excessive and / or irrelevant reporting by firms. A further three respondents looked for guidance in relation to the 'Material Operational Incident' category and the eighth respondent asked whether there would be a materiality threshold set for reporting errors.
32. Three respondents queried the timing of the notification process, stating that firms should have time to investigate and assess an incident to confirm the significance of the matter before reporting it to the Central Bank.
33. One respondent queried whether there would be any standard notification descriptions that may help define how different issues should be reported.
34. There was a suggestion that an additional field be included on the return to specify the date the error or breach was detected. Another respondent suggested that there should be no maximum limit on words in the free text fields of the template as a limit may make it difficult to provide appropriate detail.
35. Three respondents commented in relation to the quarterly confirmation template – Table 4.3b *Error and Breach Confirmation* – proposed in CP52, stating that it was unnecessary and an undue burden on firms, particularly given that MiFID promotes self-regulation and that firms are already required to report all errors and breaches immediately to the Central Bank via the notification template.
36. There were requests for clarification on whether firms would be required to report breaches identified during CAR (Client Asset Requirements) audits via the notification template and on whether the requirement to submit the notification template for reporting errors only related to reporting errors not already rectified on the Online Reporting System.
37. Finally one respondent noted that it is ultimately up to the judgement of the Central Bank (or the court) and not the firm whether a reported issue is a breach of legislation. The respondent stated that the language of the notification template should be such that the firm reports a set of facts which the firm determines might give rise to a concern of a breach, but the firm is not waiving its right to dispute any interpretation that the Central Bank or other authority might place on those facts.

Central Bank: We have considered the above comments and have conducted a further internal assessment of the proposals for error and breach reporting that were outlined in Section 4.3 of CP52. As a result we are making a number of changes to the proposals as follows:

- Firms will be required to report all breaches, potential future breaches, reporting errors and operational incidents on the revised *Breach, Error and Incident Reporting Template* depicted in

Appendix 4 below.

- Firms should note that the Central Bank views the reporting of these issues / incidents as part of firms' obligations under Section 1.2 of the Central Bank's *Supplementary Supervisory Requirements for Investment Firms under S.I. No. 60 of 2007 European Communities (Markets in Financial Instruments) Regulations 2007*.
- The revised *Breach, Error and Incident Reporting Template* is split into two parts. Part 1 will be set up as a form on the Online Reporting System. It firstly asks firms to select the type of issue being reported – breach, potential future breach, reporting error or operational incident. For breaches and potential future breaches, it then looks for information on the category of breach or potential future breach. The final section of Part 1 deals with reporting errors – firms are asked to specify the regulatory return on which the error was made along with the relevant period(s).
- Part 2 of the *Breach, Error and Incident Reporting Template* asks firms for more detailed information on the issue being reported. It will be set up as a word document, available for firms to download from the Central Bank website. Firms will be required to fill in the relevant sections of the Part 2 document and upload it as part of their online submission. We believe that this approach – asking firms to answer specific questions, depending on the type of issue being reported – will be advantageous to both the Central Bank and to firms. It will ensure that the Central Bank receives the key information necessary to conduct a supervisory assessment of the issue and it will aid firms by providing a clear structure for their report. We believe that this approach also addresses the request noted above for standard notification descriptions.
- We are not proceeding with the roll-out of the quarterly confirmation template – Table 4.3b *Error and Breach Confirmation* – proposed in CP52.

We would also like to note the following:

- Firms will be required to report all breaches and potential future breaches via the *Breach, Error and Incident Reporting Template*. Firms should look to the relevant legislative provisions to determine if a breach has occurred or may occur in the future.
- In relation to the reporting of reporting errors and operational incidents, firms should make their own assessment of the materiality of the error or incident. Firms are reminded however of their obligation under Section 1.2 of the Central Bank's *Supplementary Supervisory Requirements for Investment Firms under S.I. No. 60 of 2007 European Communities (Markets in Financial Instruments) Regulations 2007* to be open and cooperative in

their dealings with the Central Bank.

- In relation to the timing of the notification process, firms should notify the Central Bank as soon as they become aware of the particular issue or incident. This is consistent with firms' obligations under Section 1.2 of the Central Bank's *Supplementary Supervisory Requirements for Investment Firms under S.I. No. 60 of 2007 European Communities (Markets in Financial Instruments) Regulations 2007*.
- The *Breach, Error and Incident Reporting Template* is not a substitute for normal supervisory engagement. Firms should have regard to the urgency and significance of the matter and, if appropriate, contact their supervisor by telephone.
- For avoidance of doubt, errors and breaches discovered during CAR audits are to be reported to the Central Bank on the *Breach, Error and Incident Reporting Template*, irrespective of whether the breaches were identified by the firm's auditors or the Bank's officers and noted in other written communication.
- A guidance note will be issued upon roll-out of the *Breach, Error and Incident Reporting Template* to provide any further clarifications deemed necessary.

As noted above, the revised *Breach, Error and Incident Reporting Template* is set out in Appendix 4 below.

CP52 Section 4.4 ICAAP Report

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

38. We received only a small number of comments from respondents on the *ICAAP Report* that was outlined in Section 4.4 of CP52, most of which were queries on particular fields within the return or requests for guidance.
39. In relation to field 44 of the *ICAAP Report*, which asks firms to specify the cost of an orderly wind down of the business if this has been calculated as

part of the ICAAP, one respondent asked whether the Central Bank views the pricing of orderly wind down as a requirement for firms' ICAAPs going forward.

40. Another respondent requested clarification in relation to the level of detail the Central Bank expects to see in the risk appetite statement that is referred to in field 5 of the return. The same respondent also asked for confirmation that the gross amount of the exposures referred to in fields 12 to 24 of the return should represent the gross value of risk before risk mitigants and risk weightings are applied.
41. There was a comment from a third respondent that firms may differ in their approach to governance structures, noting that some firms may have Board committees for a wider range of activity than other firms, who may have committees of senior executives whose activities are overseen by the Board. That respondent also noted that they would welcome further guidance from or workshops with the Central Bank on its expectations of the processes adopted by firms for the ICAAP. In particular they noted that they would like guidance with regard to the orderly wind down calculation and stress/scenario testing.
42. Finally it was suggested that the Central Bank consider the *ICAAP Report* proposed in Section 4.4 as a replacement for the current *ICAAP Portal*, particularly for firms who do not deal on their own account.

Central Bank: In response to the above comments, we would like to note the following:

- Firms should input the firm's own estimate of the cost of an orderly wind down into field 44, if this has been calculated as part of the ICAAP. We view the calculation of the orderly wind down cost as a prudent method to be incorporated into forward looking capital adequacy planning.
- The level of detail that should be included in firms' risk appetite statements is dependent on individual firms' business models and will therefore differ from firm to firm. Firms should review the Committee of European Banking Supervisors' (CEBS, which has since become the EBA) *High level principles for risk management*⁷ published on 16 February 2010 which provides guidance on the setting of risk appetite and risk tolerance levels.
- We confirm that the 'gross amount' referred to in fields 12 to 24 of the *ICAAP Report* relates to the gross value of risk before risk mitigants and risk weightings are applied. The 'Capital allocated' column should represent the capital that the firm requires (and holds) in order to cover the net risk exposure after other risk mitigants have been taken into account.

⁷ A copy of CEBS' *High level principles for risk management* is available at: <http://eba.europa.eu/documents/Publications/Standards---Guidelines/2010/Risk-management/HighLevelprinciplesonriskmanagement.aspx>

- In relation to field 6 of the *ICAAP Report*, which asks firms to list the committees of their Board of Directors, we would like to clarify that it is just Board committees that we wish to be included here. We may separately request more detailed information from firms on their governance structures as part of our Supervisory Review and Evaluation Process (SREP).
- The Central Bank's SREP for investment firms will be reconfigured to align with our new risk-based supervision model targeted to go-live mid-2012. Once this occurs we expect to re-engage with industry in terms of our expectations in relation to investment firms' ICAAPs. Firms are reminded that guidance on the ICAAP is also available in the following CEBS publications: *Guidelines on the Application of the Supervisory Review Process under Pillar 2* (25 January 2006) and *Paper on the Internal Capital Adequacy Assessment Process (ICAAP) for Smaller Institutions* (27 March 2006)⁸.
- The *ICAAP Report* outlined in Section 4.4 of CP52 will replace the *Investment Firms' ICAAP Questionnaire*⁹ which is currently requested of non-complex investment firms. The more comprehensive *Investment Firms' ICAAP Portal*¹⁰ will be retained. The requirement to submit the *Investment Firms' ICAAP Portal* will be integrated into our risk-based supervision model.

The format of the *ICAAP Report* will remain unchanged from that proposed in Section 4.4 of CP52. MiFID firms that are subject to the CRD will be required to submit the *ICAAP Report* annually. However, as noted in CP52, the Central Bank reserves the right to request the *ICAAP Report* more frequently on a case-by-case basis. Relevant firms will be notified when the *ICAAP Report* goes live on the Online Reporting System and will at that stage be provided with a due date for submission.

In the meantime, the Central Bank will be using a manual version of this form for SREPs commenced during the remainder of 2011. Relevant firms will be notified individually.

Finally firms should note that they may also be requested to submit their own documented ICAAP to the Central Bank in order to facilitate the SREP.

⁸ Both documents are available on the Central Bank website at:
<http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/requirements-guidance.aspx>

⁹ Currently available on the Central Bank website at:
<http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/requirements-guidance.aspx>

¹⁰ Available on the Central Bank website at:
<http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/requirements-guidance.aspx>

CP52 Section 4.5 CRD Pillar 3 Disclosures Report

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?

43. Seven responses provided comments on the *Pillar 3 Disclosures Reporting Template* outlined in Section 4.5 of CP52.
44. Two respondents commented that they welcomed the introduction of the template. One of these noted that the template was a welcome cost-saving for small firms, while the other respondent suggested that the current market disclosures made by firms should also be standardised into a template.
45. A further three respondents simply made comments to the effect that the proposed timeline for the submission of the *Pillar 3 Disclosures Reporting Template* was reasonable.
46. One respondent asked for clarification as to whether the Pillar 3 disclosures which are made publicly available need to be updated at the same time as the submission of the *Pillar 3 Disclosures Reporting Template*. The same respondent also asked for clarification that the *Pillar 3 Disclosures Reporting Template* will eliminate the need to submit an annual certification letter.
47. Finally there was a request for guidance in relation to the definition of 'relevant sector' for market share purposes.

Central Bank: Based on the above comments we will proceed to implement the *Pillar 3 Disclosures Reporting Template* as outlined in Section 4.5 of CP52. We would also like to confirm the following:

- One of the objectives of the CRD Pillar 3 disclosures is to standardise information available to the public with regard to the performance of financial institutions across the EU and globally. Therefore the Central Bank will monitor international developments in relation to the harmonisation of Pillar 3 disclosures including any templates that are developed. Firms should note that the EBA are currently developing templates for the Pillar 3 disclosures that relate to own funds in CRD IV. These are due to be published by 31 December 2013.
- The Pillar 3 disclosures which are made publicly available do not need to be updated at the same time as the submission of the *Pillar 3 Disclosures Reporting Template*. However to ensure clarity in this

regard, we are including an additional field in the *Pillar 3 Disclosures Reporting Template* which will ask firms to specify the date the Pillar 3 disclosures were made available to the public.

- The *Pillar 3 Disclosures Reporting Template* will eliminate the requirement for firms to submit an annual certification letter to the Central Bank.
- Section 6.4 of the Central Bank's *Implementation of the CRD*¹¹ gives guidance with regard to the interpretation of 'significant subsidiary' as referenced under Regulation 16(2) and (4) of S.I. No. 661 of 2006 (as amended). It states '*By way of guidance the Financial Regulator would consider that subsidiaries of EU parent institutions that represent 5% or more of group assets and/or have market share in any sector or group of connected sectors, which is greater than or equal to 20%, constitute a significant subsidiary pursuant to Annex XII, Part 1, Para 5*'. Therefore relevant firms should consider all sectors and connected sectors in which they operate to determine whether they fit the criteria of 'significant subsidiary'.

A revised version of the *Pillar 3 Disclosures Reporting Template* is set out in Appendix 5. As noted in CP52, MiFID firms that are subject to the CRD will be required to submit this template annually at the same time as they submit their audited year-end financial statements to the Central Bank.

CP52 Section 4.6 ICCL Report

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

48. In relation to the proposed ICCL Report outlined in Section 4.6 of CP52, a number of respondents commented to the effect that as they have no eligible clients they will simply be filing a nil return.
49. Four responses provided more detailed comments. One respondent noted that the ICCL already collects the number of eligible clients from firms and stated that the ICCL ought to be able to provide the Central Bank with this information instead of burdening firms with a requirement to report the same information again.

Central Bank: As stated in CP52 the Central Bank is collecting this data on behalf of the Investor Compensation Company Limited (ICCL). We have therefore engaged with the ICCL in relation to the comments received and

¹¹ Available at: <http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/requirements-guidance.aspx>

the ICCL have provided the responses noted below.

ICCL: The ICCL receives information about approximate client numbers set out in bands as part of its invoicing process, which is on the basis of self-assessment. However, the purpose of seeking this new information is to fulfil the requirements of an upcoming EU Directive. It is expected that we will need to have access to information about total eligible client numbers and the value of investments of those clients to fulfil the requirements of an EU Directive at present under negotiation. The purpose of the information is to identify the total liability of individual investor compensation schemes.

50. A second response provided suggestions for factors to consider in determining the most appropriate basis for the ICCL funding levy calculation. These included:

- Whether or not there is a critical minimum size which is required for a firm to operate within its current category (for instance in relation to capital, key separate personnel or separate independent functions).
- The target customer base of firms within each category, for example retail, high net worth individuals, professionals and eligible counterparties.
- Whether firms have in place separate dedicated internal audit and compliance functions and the quality of internal controls and the risk control environment.
- The content of internal audit reports, external audit reports and on-site regulatory inspections as well as the regulatory compliance record of the firm.
- Where firms have outsourced some or all of their business activities, whether or not firms have in place (i) strong robust legal and service level agreements, (ii) a dedicated team within the firm who are responsible for ensuring that the firm itself is managing its responsibilities by regular and thorough oversight of internal and outsourced activities, and (iii) reliable contingency arrangements.
- The level of professional indemnity insurance cover carried by a firm.

ICCL: The risk to the ICCL arises from fraud rather than default. For example, if firms have observed the Client Asset Rules, then the failure of a firm should not lead to client losses.

The ICCL has extensively explored options for developing a pragmatic and cost-effective risk-based funding model. The work undertaken by the ICCL was explained fully in the Consultation Paper on ICCL Funding issued in 2009. It is noteworthy that other EU Investor Compensation Schemes have experienced similar difficulties in developing risk-based funding models. The ICCL has concluded that the only sensible and workable approach to developing a full risk-based funding model requires allocation of considerable resources and close co-operation between the ICCL and

member firms. The Board of the ICCL remains committed to pursuing the goal of the development of a pragmatic and cost-effective funding model that is more reflective of the risks represented by Fund A firms with varying business models.

51. Another respondent noted complexities in determining the number of clients due to the fact that in certain cases clients are only included in the year of initial investments and at maturity stage and not in the interim. The respondent stated that in order to achieve the greater accuracy level that will now be required, more clarity will be necessary. The respondent further noted that the firm's efforts in determining the investment levels of eligible clients for the new funding calculation methodology will be hampered by the fact that such investments are frequently illiquid and not subject to regular valuations.

ICCL: The ICCL understands this comment. For the purposes of the proposed return, guidance is necessary and will be provided. In principle, this would not be the same as the method of determining the number of clients for the purposes of calculating the ICCL contribution. The proposal is that total eligible client numbers would be returned once a year.

Guidance will also be provided as to how the above-mentioned investments may be valued.

52. The final respondent stated that they broadly welcomed the proposal that the ICCL funding levy should be linked more closely to the exposure firms represent to the ICCL measured by the number of eligible clients and the average size of their investments. They further stated that, in light of this, they do not believe the ICCL Report should apply to investment firms with no eligible clients.

ICCL: The requirement applies to all relevant authorised investment firms. Those with zero clients should simply reply zero to all three questions in this report.

The ICCL does not intend that changes be made to the report as proposed in light of the comments received. However, as mentioned above, additional guidance and clarification will be provided where relevant.

CP52 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 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.

53. In relation to question 29, only a small number of comments were received. Two respondents stated that the timeline for implementation seemed reasonable. It was also noted that the provision of non-statutory guidelines to accompany the returns would be welcome. Finally, one respondent commented that, in their view, the area which would benefit most from guidance is the ICAAP process and they noted that a later implementation date would allow for further guidance in this area.

Central Bank: As noted in CP52, we are planning a release date of 31 December 2011 for the phase 2 returns detailed in this feedback statement. Again as stated in CP52 this is a challenging timetable and is subject to change. We will notify firms by letter of the final confirmed implementation date and of the requirements with respect to due dates for submission of the returns.

We will issue guidance notes to accompany the following returns:

- the revised Monthly Metrics Return,
- the Asset Concentration Report,
- the Breach, Error and Incident Reporting Template, and
- the ICCL Report.

In relation to the ICAAP process, we would like to reiterate that the Central Bank's SREP for investment firms will be reconfigured to align with our new risk-based supervision model targeted to go-live mid-2012 and that once this occurs we expect to re-engage with industry in terms of our expectations in relation to investment firms' ICAAPs.

In the meantime however we intend to roll-out the ICAAP Report proposed in Section 4.4 of CP52 as planned. In this regard we would like to point out that MiFID firms subject to the CRD are obliged to have an 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).

Again firms are reminded that guidance on the ICAAP is available in the following CEBS publications: *Guidelines on the Application of the Supervisory Review Process under Pillar 2* (25 January 2006) and *Paper on the Internal Capital Adequacy Assessment Process (ICAAP) for Smaller*

Institutions (27 March 2006)¹².

54. On question 30, four respondents commented to the effect that aggregate industry data may prove useful. One of these respondents noted however that, as the profiles of investment firms in Ireland vary significantly, any comparisons or aggregations of data may not provide a useful 'industry' position. A fifth respondent did not agree that the Central Bank should publish aggregate industry data for Irish investment firms.

Central Bank: We will consider further the benefits of publishing aggregate data for Irish investment firms and will reengage with industry on the specific data items that would be useful in this regard.

¹² Both documents are available on the Central Bank website at:
<http://www.centralbank.ie/regulation/industry-sectors/investment-firms/mifid-firms/Pages/requirements-guidance.aspx>

Appendix 1 – Stockbrokers Revenue Analysis

(A) Commission Breakdown (if applicable)										
€		Analysed Between:								
		Irish Equities	Overseas Equities	CFD	Government Bonds	Corporate Bonds	Other			
Total										
Institutional Commission										
Private Clients Commission										
(B) Commission - Top Ten Analysis (if applicable)										
Institutional Commission					Private Clients Commission					
Top Ten Stocks			Top Ten Clients		Top Ten Stocks			Top Ten Clients		
Name	ISIN	Amount	Name	Amount	Name	ISIN	Amount	Name	Amount	
1										
2										
...										
10										
(C) Proprietary Trading Breakdown (if applicable)										
€		Analysed Between:								
		Irish Equities	Overseas Equities	Market Making	Government Bonds	Corporate Bonds	Other			
Total										
Proprietary Trading										
(D) Fee Income Breakdown (if applicable)										
€	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:										

Appendix 2 – Monthly Metrics Report

Monthly Metrics Report											
(All monetary amounts are in €000s)											
1 Client assets held as at the reporting period end											
1.1 Total client assets	<input type="text"/>										
1.2 Of which: client funds	<input type="text"/>										
1.3 Of which: client financial instruments	<input type="text"/>										
2 Assets under Management as at the reporting period end											
2.1 Total AuM	<input type="text"/>										
3 Financial data											
3.1 Total income for the current month	<input type="text"/>										
3.2 Total expenditure for the current month	<input type="text"/>										
3.3 Net profit/loss (before tax/dividends) for the current month	<input type="text"/>										
3.4 Intercompany debtors as at the reporting period end	<input type="text"/>										
3.5 All other debtors as at the reporting period end	<input type="text"/>										
3.6 Bank and cash as at the reporting period end	<input type="text"/>										
3.7 Level of write-offs during the current month	<input type="text"/>										
3.8 Intercompany creditors as at the reporting period end	<input type="text"/>										
3.9 All other creditors as at the reporting period end	<input type="text"/>										
4 Liquidity											
	<table border="1"> <thead> <tr> <th>Total</th> <th>0 to 1 mth</th> <th>Over 1 mth to 3 mths</th> <th>Over 3 mths to 6 mths</th> <th>Over 6 mths to 12 mths</th> </tr> </thead> <tbody> <tr> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>	Total	0 to 1 mth	Over 1 mth to 3 mths	Over 3 mths to 6 mths	Over 6 mths to 12 mths	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total	0 to 1 mth	Over 1 mth to 3 mths	Over 3 mths to 6 mths	Over 6 mths to 12 mths							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>							
4.1 Liquid assets as at the reporting period end	<input type="text"/>										
4.2 Current liabilities as at the reporting period end	<input type="text"/>										
5 Investment Business Services											
No. of clients as at the reporting period end	<table border="1"> <thead> <tr> <th>All clients on firm's system</th> <th>Clients with whom the firm has done business in last 12 mths</th> </tr> </thead> <tbody> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> <tr> <td><input type="text"/></td> <td><input type="text"/></td> </tr> </tbody> </table>	All clients on firm's system	Clients with whom the firm has done business in last 12 mths	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
All clients on firm's system	Clients with whom the firm has done business in last 12 mths										
<input type="text"/>	<input type="text"/>										
<input type="text"/>	<input type="text"/>										
<input type="text"/>	<input type="text"/>										
<input type="text"/>	<input type="text"/>										
5.1 Total number of clients	<input type="text"/>										
5.2 of which: MiFID professional	<input type="text"/>										
5.3 of which: MiFID retail	<input type="text"/>										
5.4 of which: Other clients for whom the firm provides regulated services	<input type="text"/>										
6 No. of staff as at the reporting period end											
6.1 Total no. of staff	<input type="text"/>										
7 Material Issues											
7.1 Has any material issue occurred in the previous month?	<input type="text"/>										
7.2 If yes, please explain:	<input type="text"/>										

Appendix 4 – Breach, Error and Incident Reporting Template

Breach, Error and Incident Reporting Template for MiFID Firms – Part 1		
Firm Name:		Reporting Date:
Please tick the appropriate category for the matter being reported:		
(A)	Breach	<input type="checkbox"/>
(B)	Potential Future Breach	<input type="checkbox"/>
(C)	Reporting Error	<input type="checkbox"/>
(D)	Operational Incident	<input type="checkbox"/>
If A or B is selected above, please choose the relevant category or categories for the breach or potential future breach:		
1	Breach of Client Asset Requirements relating to:	
1.1	Segregation of client assets from the firm's own assets (Designations)	<input type="checkbox"/>
1.2	Appropriate assets accurately recorded in a client account	<input type="checkbox"/>
1.3	Client asset account reconciliations (4.5 / 4.6)	<input type="checkbox"/>
1.4	Written confirmations	<input type="checkbox"/>
1.5	Daily calculations	<input type="checkbox"/>
1.6	Other breach of the Client Asset Requirements	<input type="checkbox"/>
2	MiFID Breach relating to:	
2.1	Organisation requirements and compliance (MiFID Regulation 33)	<input type="checkbox"/>
2.2	Further – business procedures, internal control mechanisms and reporting (MiFID Regulation 34)	<input type="checkbox"/>
2.3	Further – monitoring and evaluating systems, control mechanisms (MiFID Regulation 35)	<input type="checkbox"/>
2.4	Risk management function (MiFID Regulation 36)	<input type="checkbox"/>
2.5	Internal audit function, supervisory function and senior management (MiFID Regulation 37)	<input type="checkbox"/>
2.6	Outsourcing (MiFID Regulation 105)	<input type="checkbox"/>
2.7	Scope of authorised activities and / or services	<input type="checkbox"/>
2.8	Breach of condition imposed	<input type="checkbox"/>
2.9	Other prudential MiFID breach	<input type="checkbox"/>
3	Capital Requirements Directive Breach (where applicable)	
3.1	Breach of capital requirements	<input type="checkbox"/>
3.2	Breach of large exposure requirement	<input type="checkbox"/>
3.3	Other CRD breach	<input type="checkbox"/>
4	General Breach	
4.1	Breach of Anti-Money Laundering or Countering Terrorist Financing regulations	<input type="checkbox"/>
4.2	Breach of Supplementary Supervisory Requirements	<input type="checkbox"/>
4.3	Any other prudential breach	<input type="checkbox"/>

Breach, Error and Incident Reporting Template for MiFID Firms – Part 1 continued		
If C is selected above, please answer the following questions:		
5.1	Did the reporting error occur on a regulatory return submitted via the Central Bank’s Online Reporting System?	Y [] N []
5.2	If yes, please select the relevant return from the drop down menu:	[Drop down list]
5.3	If no, please specify the name of the return:	[Free text field]
5.4	In what reporting period(s) did the error occur?	[Select period(s)]
<p><i>If the reporting error occurred on a return submitted via the Central Bank’s Online Reporting System, the return will be unlocked on the Online Reporting System for each of the periods specified above, in order to facilitate the submission of the corrected return for each period.</i></p> <p><i>If the reporting error occurred on a regulatory return submitted other than via the Central Bank’s Online Reporting System, the firm’s supervisor will revert in relation to the process for the submission of the corrected return.</i></p>		

Breach, Error and Incident Reporting Template for MiFID Firms – Part 2

Section 1 - Breach

If (A) is selected in Part 1, please answer the questions in Section 1, otherwise skip to Section 2.

When did the breach occur? Please specify the relevant date(s) and the time interval over which the breach occurred.

Please provide comprehensive details of the breach.

What is the impact of the breach? Please provide an assessment of (i) the financial impact to the firm, customers and other relevant stakeholders, (ii) the reputational impact and (iii) any other impact.

On what date was the breach identified?

How was the breach identified?

Has the breach been rectified?

[Yes / No / N/a]

If yes, please explain how and when the breach was rectified.

If no, please detail the actions that are planned to rectify the breach. Include detail on the expected timeframe to complete these actions.

If not applicable, please explain why.

Please detail any further changes to the firm's systems, procedures or controls that have been made or are planned as a result of the identification of the breach.

Section 2 – Potential Future Breach

If (B) is selected in Part 1, please answer the questions in Section 2, otherwise skip to Section 3.

Please provide comprehensive detail on the potential future breach.

What is the probability of the potential future breach occurring?

When do you estimate the potential future breach might occur?

What is the estimated impact of the potential future breach? Please provide an estimate of (i) the financial impact to the firm, customers and other relevant stakeholders, (ii) the reputational impact and (iii) any other impact.

What actions have you taken or are planned in order to mitigate or prevent the potential future breach? Include detail on the expected timeframe to complete these actions.

Section 3 – Reporting Error

If (C) is selected in Part 1, please answer the questions in Section 3, otherwise skip to Section 4.

Please provide comprehensive detail in relation to the reporting error. Where applicable, include a quantification of the error.

On what date was the reporting error identified?

How was the reporting error identified?

Please detail any changes to the firm's systems, procedures or controls that have been made or are planned as a result of the identification of the reporting error.

Section 4 – Operational Incident

If (D) is selected in Part 1, please answer the questions in Section 4, otherwise skip to Section 5.

When did the operational incident occur? Please specify the relevant date(s) and the time interval over which the incident occurred.

Please provide comprehensive details of the operational incident.

What is the impact of the operational incident? Please provide an assessment of (i) the financial impact to the firm, customers and other relevant stakeholders, (ii) the reputational impact and (iii) any other impact.

On what date was the incident identified?

How was the incident identified?

Has the operational incident been rectified?

[Yes / No / N/a]

If yes, please explain how and when the operational incident was rectified.

If no, please detail the actions that are planned to rectify the operational incident. Include detail on the expected timeframe to complete these actions.

If not applicable, please explain why.

Please detail any further changes to the firm's systems, procedures or controls that have been made or are planned as a result of the identification of the operational incident.

Section 5 – Further Information

Please detail any additional information pertaining to this matter or upload in a separate document.

Appendix 5 – Pillar 3 Disclosures Reporting Template

Name of Firm:			
SECTION 1			
Please select the relevant category:			
(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"/>	
If category (c) is selected please confirm that the following criteria (i) and (ii) remain true:			
(i)	Assets remain less than 5% of group assets	[Yes]	[No]
(ii)	Market share of relevant sector in Ireland remains less than	[Yes]	[No]
If category (d) is selected please confirm that (iii) remains true:			
(iii)	The firm is included within comparable disclosures provided on a consolidated basis by a parent undertaking established in a third country.	[Yes]	[No]
SECTION 2			
Please indicate when Pillar 3 Disclosures were made available to the public:		dd/mm/yyyy	
Please indicate where Pillar 3 Disclosures have been made:			
(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"/>	
Please provide specific details as to where Pillar 3 disclosures have been made (e.g. website address etc.). Include parent entity name where relevant.			
(MAX 200 words)			
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).			

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