



Consumer Protection Codes Division
Central Bank of Ireland
PO Box 559
College Green
Dame Street
Dublin 2

21 July 2011

Submitted by email to code@centralbank.ie

HSBC IRELAND RESPONSE TO THE CONSULTATION PAPER (CP 54): SECOND CONSULTATION ON REVIEW OF CONSUMER PROTECTION CODE CONSULTATION PAPER CP54

Dear Sir/Madam,

We refer to the Central Bank of Ireland's ("CBI") second consultation paper on Review of Consumer Protection Code (CP 54) and welcome the opportunity to participate in the public consultation process. These submissions reflect our own opinions, based on our experience of the financial services market, and should not be considered as representing views held by any of our clients.

Commencement Date

We note that the new Regulations and Standards will come into effect on 1 January 2012. This leaves little time to make the necessary changes to systems and procedures and operationally these could take some time to implement.

Language Used

We propose the following amendments to the language in use in the following sections:

- Section 4.26 - this states that the product terms and conditions have to be provided "before" the customer enters into a contract. This would require a customer to be given a copy of the specific policy in advance of a contract being initiated. We would suggest that this is not always practical or necessarily in the best interests of the customer e.g. where it delays their ability to obtain a particular form of insurance.
- Section 9.34 - we do not believe that a specific percentage in the warning should be included as it is not generally possible to readily identify a specific percentage of investment that can be lost. We would suggest that reference to the potential loss of a "proportion of the funds invested" might be more appropriate.
- Appendix (regarding the Key Features Document for Trackers) - we would welcome the inclusion of an example for all investment products and not just tracker mortgage products.

HSBC Bank plc
1 Grand Canal Square, Grand Canal Harbour, Dublin 2
Tel: +353-1-635-6000 Fax: +353-1-649-7548 Website: www.hsbc.ie

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Unsolicited Contact

We note that unsolicited contact requirements have now been extended to exclude consumers who are not existing consumers.

Whilst the number of our clients that fall under the definition of a consumer is low, the contacting of non consumers is an important business generator and to exclude a large part of the population from being contacted about products or services on offer from institutions would be disruptive from a business development perspective. We would welcome CBol's consultation with the Data Protection Commissioner on this issue in line with the IBF's recommendation.

Specific comments relevant to HSBC's Private Banking business in Ireland

Definitions (Chapter 12)

CP54 focuses on consumers including personal consumers, partnerships, clubs, charities and trust with maximum turnover of €3 million in the previous financial year. A number of such individuals/entities may also fall within the private banking category of clients. While it is prudent to protect all personal customers in Ireland by introducing appropriate consumer protection regulations, we believe that it should be considered that the clients in the private banking sector receive customised services and should be exempt from some of these requirements.

Provision of Information (Chapter 4)

It appears that CP54 targets the retail banking sector in relation to banking requirements and related communications. HSBC Private Bank does not have standard products and rates which are available to a mass audience. Our products and solutions are delivered with each client considered separately. In particular, the following proposed requirements would not be well-suited to our private banking business:

- Section 4.28 (updating websites) – as we offer tailored products specific to the needs of individual clients, we would not be in a position to display or update specific interest rates on a website or through other information services.
- Section 4.34 (communications on interest rates) – interest rates for our business are set depending on credit risk and on each client's personal circumstances. Furthermore, some interest rates are linked to market based rates e.g. Euribor or Libor (these would roll in line with instructions received from or on behalf of the consumer and the interest rate would only be set at rollover). Such market-linked interest rates cannot be communicated 30 days in advance as is suggested within the proposed code. However the basis of such interest rate changes would be clearly set out in the respective loan documents accepted by the consumer when the loan was negotiated.

We would welcome the Central Bank's consideration to clarifying such requirements.



We would like to thank you for providing us the opportunity to comment on the proposals in CP 54 and we would be happy to expand on any of the foregoing comments should you wish to discuss any of them further.

Yours sincerely,

A handwritten signature in blue ink that reads "Redmond Murphy".

Redmond Murphy
Chief Risk Officer and Area Compliance Officer
HSBC Bank Plc