

Response from F&C Ireland Ltd C28218 on CP61 Consultation on Impact Based Levies and Other Levy Related Matters

No	Question	Response
1	Do you agree with the Central Bank's proposal to use firms' impact categorisation under PRISM as the basis for the setting of the levies it charges regulated entities on an annual basis? If you disagree, what would you propose instead?	Yes, we agree, provided that the criteria and process used to assign impact ratings to firms is transparent. Also firms should have ample warning if/when the Central Bank is considering moving the firm to a higher impact rating, and there is an appeals process or at least a consultation period before this is finalised. Any firm moving from a Medium Low to Medium High rating will see a considerable increase in the size of their levy, as much as 400% in some cases. This would be unworkable for firms, from a budgeting point of view.
2	Do you agree with the Central Bank's proposal to allocate the cost of financial regulation activity on a basis consistent with the allocation of supervisory resources to regulated entities? If not, what cost allocation methodology would you propose?	Yes we agree, as long as detailed information on the costs incurred is available, and the Central Bank issues assurances that procedures are in place to ensure that costs are controlled as tightly as possible.
3	Do you agree with the Central Bank's proposal to apply a minimum levy per umbrella plus an additional levy per sub-fund subject to a maximum number of sub-funds (i.e. Option 2)? If not, what alternative approach would you propose and why?	No Comment
4	Do you agree that the credit union sector should be required to fund the relevant proportion (currently 50 per cent) of the cost of financial regulation that would apply under an impact based approach to the levy process? If not, what alternative approach would you propose and why?	Yes, we agree.
5	Do you agree that this change be phased in over a period of 5 years? If not, what alternative approach would you propose and why?	Yes, we agree.
6	Do you agree with the Central Bank's proposal to impose an application fee in respect of each industry funding category proportionate to the average time taken to consider an application for authorisation? If not, what alternative would you propose?	Yes, we agree. However the proposer should be entitled to some level of free consultation before the application is submitted, to allow the proposer to establish the likelihood of authorisation being granted. This can be capped, for example, at 2 meetings or 4 hours in total.
7	Do you agree that such a fee should be payable at the time an application	Yes, we agree.

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	for authorisation is submitted and that it should be non-refundable in the event that an application for authorisation is withdrawn or refused? If not, what alternative would you propose?	
8	Do you agree with the Central Bank's proposal to maintain the policy of imposing pro-rata levies in respect of the period in relation to which a regulated entity holds an authorisation from the Bank? If not, what alternative do you propose?	Yes, we agree.
9	Do you agree with the Central Bank's proposal to impose a penalty on any and all firms who do not pay their levy within the time allowed? If not, what alternative course(s) of action would you propose to ensure that all regulated entities pay their Industry Funding Levy?	Penalties will not be useful if firms are unable to pay. All firms should sign direct debit mandates to facilitate prompt payment. Phased payment options should be introduced, for example monthly in advance. Any unpaid direct debits should be followed up swiftly with action to collect outstanding levies taken promptly.
10	Do you agree with the Central Bank's proposal to seek the power to unilaterally revoke the authorisation of those firms which continue to fail to pay their Industry Funding Levy? If not, what alternative would you propose?	Yes, we agree.
11	Do you agree with the Central Bank's proposal to remit 100 per cent of the value of monetary penalties to the Exchequer? If not, how would you propose to treat monetary penalties?	No. We suggest that monetary penalties should be paid into the Investor Compensation Scheme (or a similar fund set up) to reduce the burden on firms of funding industry compensation schemes.

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