Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

2013

Feedback Statement on Consultation Process for CP61

Contents

1. Introduction

1.1 On 20 November 2012 the Central Bank (the "Bank") published its *Consultation on Impact Based Levies and Other Levy Related Matters* (CP61). The aim of CP61 was to seek the views of stakeholders in relation to the Bank's proposals for the reform of the levy calculation process and the review of other levy related matters such as the treatment of monetary penalties.

1.2 This document responds to the submissions made in relation to CP61 and sets out the approach that the Central Bank intends to take in rolling out changes in the levy calculation process. It is intended to be read in conjunction with CP61 and makes reference to proposals and terms used in the original consultation document which can be found on the Central Bank's website.

1.3 Section 2 refers to the number of submissions from regulated entities and industry representative bodies;
Section 3 provides details of the proposed new levy calculation methodology;
Section 4 sets out the estimated impact of these reforms on the annual levies payable by regulated entities and contains examples of the estimated 2013 levies for representative industry firms;
Section 5 contains an outline of the main issues raised in the submissions from industry together with the Bank's response to those submissions.

1.4 As outlined in CP61, the absolute quantum of the annual funding requirement (details of which are submitted to the Minister for Finance for approval on an annual basis) is outside the scope of this consultation.

2. Submissions

2.1 The Central Bank would like to thank the combination of twenty regulated entities, financial services industry representative bodies and other stakeholders that made submissions in relation to CP61. In general, both in the submissions and in discussions held with industry bodies, there was an understanding of, and broad support for, the direction that the Central Bank is taking in introducing a levy regime based on the impact categorisation of regulated entities.

2.2 We have considered all the submissions in detail. Different practitioners and industry sectors raised a range of concerns and opinions. There were some topics that were raised in several of the submissions and it is these that we have classified into nine main categories outlined under “Submission Comments” in Section 5 below.

2.3 We look forward to the on-going support of firms for our commitment to the delivery of a more transparent and equitable levy calculation process.

3. Changes to the Levy Calculation Process and Other Levy Related Matters

Impact based levies

3.1 Supervisory resources are currently being allocated by the Bank on the basis of impact categorisation and the Bank will introduce, in 2013, a revised approach to the levy calculation process designed to more closely align the funding by regulated entities of the costs of financial regulation on a basis consistent with the deployment of supervisory resources i.e. on the basis of impact categorisation.

Allocation of the cost of financial regulation activity to industry funding categories

3.2 We have, in the interests of clarity, set out below information in relation to our cost allocation process.

3.3 Costs directly attributable to a particular industry funding category will be allocated solely to the industry funding category concerned. Such costs will include the pay, non-pay and overhead costs associated with the front-line supervision of regulated entities on a day to day basis. It will also include the pay, non-pay and overhead costs associated with divisional management and with those specialist support staff located within supervision divisions of the Bank who provide expert advice and support relating to particular industry funding categories.

3.4 Costs related to the investigation and follow-up of legacy issues related to the financial crisis will be funded solely by the particular industry funding categories concerned.

3.5 Low impact firms are regulated using a combination of reactive and thematic techniques. Our objective is to have the capacity to get automatic alerts to dedicated teams when a low impact firms fails key financial health checks. To this end, we intend to minimize this process time through increased and more efficient use of technology to automate the receipt and analysis of financial returns. In addition, consumer-focused low impact firms will be subject to conduct-focused thematic visits to ensure that they are treating consumers fairly. They may also be subject to summary inspections.

3.6 For low impact firms reactive supervision will be paired with strong enforcement. If firms do not comply with their regulatory requirements, they must assume that the Bank will use its enforcement powers swiftly and effectively to achieve its objectives.

3.7 It follows that the cost of those resources dedicated by our Consumer Protection and Enforcement Divisions to the supervision of low impact firms must be borne by such firms in proportion to their share of the total impact based resources attributable to low impact firms. In a similar fashion, the balance of the resources available to the ultra high to medium low impact categories must be borne by those firms in proportion to their share of the total impact based resources attributable to firms other than low impact firms.

3.8 The cost of other financial regulation support costs (such as the development of supervisory policy in relation to banks or insurance companies) which are directly attributable to industry funding categories will be borne by the particular industry funding category concerned while the cost of other financial regulation support services (such as Risk Division) will be borne by regulated entities in proportion to their share of total impact based resources.

Levies payable by Low Impact firms under the revised calculation methodology

3.9 Concerns have been expressed that a single flat rate levy for low impact firms (such as retail intermediaries) which fails to take account of size, volume of business and/or ability to pay would lead to a regressive levy.

3.10 Having reviewed the arguments, the Bank considers it appropriate to refine the new impact based levy calculation methodology by implementing a tiered approach to the levies applicable to low impact firms - with the relevant tier being determined by the firm's impact score under PRISM$_{TM}$ (an 'Introduction and Background to Impact Scores' is provided in Appendix A). A single low impact levy will apply in respect of each of those industry funding categories not currently subject to on-line reporting requirements (Approved Professional Bodies, Bureaux de Change, Electronic Money Institutions and Retail Credit/Home Reversion Firms).

3.11 By way of example, under this approach retail intermediaries will pay an estimated levy, in 2013, of between €475 and €24,000.

3.12 There are two exceptions to this general rule as follows:

- where the regulated entity has been newly authorised and is not yet due to submit an On-Line Report: in such cases the firm will be liable to pay the minimum Industry Funding Levy applicable to the category in question;
- where the regulated entity has failed to submit its On-Line Report in accordance with the deadline: in such instances the regulated entity will be liable to a default levy amounting to €3,600.

Collective Investment Schemes and Self-Managed Investment Companies with Umbrella Structures

3.13 Collective Investment Schemes and Self-Managed Investment Companies with umbrella structures will be liable to an estimated levy of €1,435 in respect of each umbrella fund together with an estimated additional amount of €235 per sub-fund up to ten sub-funds and a further €135 per sub-fund from eleven to the maximum number of twenty. It follows that the estimated maximum levy payable will be €5,135.

Funding the cost of regulating the Credit Union sector

3.14 To bring this sector into line with all other industry funding categories and reduce the reliance on the public purse to fund the cost of regulating the credit union sector, the Bank intends to seek the phasing in, commencing in 2016, of a move to 50 per cent funding of the cost of regulating the credit union sector over a five year period by gradually increasing the cap upwards from 0.01 per cent of total assets.

Treatment of branches of Credit Institutions and Insurance Undertakings

3.15 Credit Institutions and Insurance Undertakings authorised in another EEA State and operating in Ireland on a branch basis are not subject to prudential supervision by the Bank as prudential supervision is the responsibility of the Home Member State Regulator. It follows that such entities will not be liable to an impact based levy in respect of prudential supervision. As branches of credit institutions may engage with Irish resident individuals or households and branches of insurance undertakings may write Irish risk business they will be subject to a levy designed to contribute towards the cost of consumer protection regulation.

Impact of reforms on annual levies payable by regulated entities

3.16 Clearly, changes in the methodology for calculating Industry Funding levies may impact on the distribution of the annual funding requirement across industry funding categories. We believe that, since these changes are driven by the application of a model which recognises primarily the level of supervisory resources allocated to regulated entities, they are justified.

3.17 The estimated levies that will be payable by a representative sample of regulated entities in 2013 are set out in Section 4 below. We have also compared, in paragraphs 4.6 to 4.15, the estimated amount of the levies that will be applied in 2013 to each of the examples set out in paragraphs 5.4 to 5.13 of CP61.

Application fees

3.18 The introduction of application fees has been deferred until 2014 to provide an opportunity for further consultation, for the introduction of enabling primary legislation where required, and for the establishment of service standards by the Bank.

Pro-rata levies

3.19 We intend to maintain our existing policy in relation to pro-rata levies in the case of regulated entities whose authorisation is revoked during the course of a year. In addition, we intend to apply pro-rata levies to all regulated entities in the year in which they are first authorised.

Unpaid levies

3.20 The Bank is firmly of the view that levy-compliant firms should not be required to subsidise the cost of regulating non levy-compliant firms and, accordingly, we intend to implement a phased approach to increased actions in relation to unpaid levies (consisting of additional fines and warnings and potentially also of the unilateral revocation of the authorisation of those regulated entities that fail to pay their levy). Such policy will be clearly communicated to industry in advance of implementation.

Treatment of Monetary Penalties

3.21 To ensure that the imposition of monetary penalties on any regulated financial service provider is not perceived to have an advantage or benefit for the Bank we will implement, in 2013, a policy of remitting 100 per cent of all monetary penalties to the Exchequer.

4. Estimated impact of proposed reforms on annual levies payable by regulated entities

4.1 As indicated in Section 3.16 above, a change in the method of calculating the Industry Funding Levy to one based on impact categorisation may result in some changes in the distribution of the annual funding requirement across industry funding categories. This is fair to the extent that it more accurately reflects the re-allocation of supervisory resources within the Central Bank from one industry category to another.

Treatment of surplus of amounts raised from Industry in 2012 as compared with the actual cost of financial regulation activity

4.2 Industry will be aware that in arriving at the net amount to be recouped from industry in a particular year, any surplus or deficit relating to the prior year is taken into account. In the past this surplus/deficit was calculated on a sector specific basis. As outlined in section 4.1 above, a change in the method of calculating the Industry Funding Levy to one based on impact categorisation may result in some changes in the distribution of the annual funding requirement across industry funding categories in 2013. In the interests of transparency, and to dampen the effect of these changes on the distribution of the net annual funding requirement across industry funding categories, we considered it appropriate to apply the total surplus across industry categories by reducing all levies by a proportion equal to the amount of the surplus as a percentage of the gross annual funding requirement for 2013.

4.3 We have, in the table below, set out the 2013 net Annual Funding Requirement and compared it with the equivalent figure for 2012.

Table 1: Main components of 2013 Net Annual Funding Requirement together with 2012 comparatives

Description	2013 Net AFR	2012 Net AFR	Variance
	€	€	€
Covered Banks	12,355	25,091	(12,736)
Other Banks	6,838	6,718	120
Supplementary Levy for Banks	7,183	13,090	(5,907)
Insurance	13,331	12,013	1,318
Intermediaries	2,326	2,729	(403)
Securities & Investment Firms	5,508	6,796	(1,288)
Funds & Service Providers	5,833	5,538	295
Credit Unions	1,398	1,398	0
Others	821	1,517	(696)
	55,593	74,890	(19,297)

4.4 We have set out in the tables below the estimated net impact based levies that will apply in 2013 for each funding category.

Table 2: Estimated 2013 Impact Based Levies for Main Industry Funding Categories

Description	Ultra High €	High €	Medium High €	Medium Low €	Low €	Branches €
Covered Banks	4,118,456	1,868,749	N/A	N/A	N/A	N/A
Other Banks	N/A	757,029	173,095	34,410	16,042	12,032
Insurance	1,223,409	555,122	126,929	25,233	8,369	6,277
Securities & Investment Firms other than those listed below	N/A	N/A	209,684	41,684	9,944	N/A
Stock Exchange Member Firms	N/A	N/A	227,251	45,176	N/A	N/A
High Frequency Traders	N/A	N/A	N/A	132,953	N/A	N/A
Markets Infrastructure	N/A	N/A	248,750	49,450	N/A	N/A
Funds Service Providers	N/A	N/A	162,961	32,396	4,774	N/A
Payment Institutions	N/A	N/A	342,296	N/A	See Table 6	N/A
Electronic Money Institutions	N/A	N/A	N/A	N/A	3,500	N/A

Table 3: Estimated 2013 Levies Payable by Funds

	2013 Levies €
Levy per fund/umbrella fund	1,435
Additional Levy per sub-fund up to 10 sub funds	235
Additional Levy per sub-fund from 11 to 20 sub funds	135
Minimum Levy	1,435
Maximum levy	5,135

Table 4: Estimated 2013 Levies Payable by Intermediaries

	Risk Impact Score	2013 Levy €
Band 1	< 50.5	475
Band 2	≥ 50.5 - 65.0	1,150
Band 3	≥ 65.1	24,000

Table 5: Estimated 2013 Levies Payable by Moneylenders

	Risk Impact Score	2013 Levy €
Band 1	≤ 20.5	2,000
Band 2	20.6 - 25.0	7,750
Band 3	25.1 - 75.0	37,500
Band 4	≥ 75.1	120,000

Table 6: Estimated 2013 Levies Payable by 'Low' Impact Payment Institutions

	Risk Impact Score	2013 Levy €
Band 1	≤ 51.0	1,750
Band 2	51.1 – 100.0	5,000
Band 3	≥ 100.1	60,000

4.5 As indicated in the consultation paper, it is difficult to draw general conclusions regarding the types of firms which will pay a lower levy under the new approach and those which will pay a higher levy in view of the fact that the amount of the levy payable under the old methodology was, for the majority of firms, dependent on tariff data, whether this was related to the level of their income or the level of regulatory capital etc.

4.6 Nevertheless we have set out below, for illustrative purposes only, the levy examples listed in the Consultation Paper (the original estimates as set out in the Consultation Paper are also provided).

Example 1: Credit Institution authorised under Irish legislation and not covered by the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 with Pillar 1 Capital Requirement of €950 million, and a total of retail lending and retail deposits of €8 million and which falls into the PRISM$_{TM}$ High impact category

4.7 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €757,029 (CP61: €891,524).

Example 2: Life Undertaking with Irish head office with Gross Global Premium Income of €4 billion, €3.95 billion of which relates to Irish risk business and which falls into the PRISM$_{TM}$ High impact category

4.8 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €555,122 (CP61: €599,166).

Example 3: Non-Life Undertaking with Irish head office with Gross Global Premium Income of €75 million, €1 million of which relates to Irish risk business and which falls into the PRISM$_{TM}$ Medium Low impact category

4.9 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €25,233 (CP61: €27,086).

Example 4: Reinsurance Undertaking with Irish Head Office with a combined total of gross premiums written and gross technical reserves of €800 million and which falls within the PRISM$_{TM}$ Medium Low impact category

4.10 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €25,233 (CP61: €27,086).

Example 5: Securities & Investment Firm engaged in portfolio management, execution of orders and client asset requirements imposed with a turnover of €35 million and which falls into the PRISM$_{TM}$ Medium Low impact category

4.11 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €41,684 (CP61: €39,213).

Example 6: Securities & Investment Firm engaged in the receipt and transmission of orders and/or provision of investment advice and no client asset requirements imposed with a turnover of €25 million and which falls into the PRISM$_{TM}$ Low impact category

4.12 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €9,944 (CP61: €30,270).

Example 7: Intermediary with self-declared income of €800,000, which falls within the PRISM$_{TM}$ Low impact category and has an impact score greater than 50 and less than or equal to 65.

4.13 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €1,150 (CP61: €847).

Example 8: Intermediary with self-declared income of €200,000, which falls within the PRISM$_{TM}$ Low impact category and has an impact score of less than or equal to 50.

4.14 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €475 (CP61: €847).

Example 9: Umbrella-style Collective Investment Scheme with 6 sub-funds

4.15 The estimated amount of the levy payable by such an entity under an impact based approach to the levy calculation process in 2013 is €2,845 (based on the Central Bank's approach to the levying of these entities as set out in Section 3.13 above).

5. Submission Comments and Bank's Response

Submission Comments	Central Bank Response
It is overly simplistic and fundamentally inequitable to calculate the levy based solely on impact categorisation. Factors such as, for example, the probability of failure, level of turnover and actions taken by regulated entities to control and effectively reduce risk should also be taken into account.	The Bank intends to implement, in 2013, a revised approach to the levy calculation process designed to more closely align the funding by regulated entities of the costs of financial regulation with the allocation of supervisory resources. We have, however, become aware that the introduction of a single low impact levy for each industry funding category may create significant difficulties for some Low impact firms. For this reason, we will introduce, where possible, a tiered approach to the levies payable by such entities on the basis that - our engagement tasks and specified resource levels are not as defined for the Low impact category as they are for the Ultra High, High, Medium High and Medium Low impact categories; - it recognises and addresses the issue of significant firm-size variations in the Low impact categories; and - it will not create barriers to entry in these Low impact categories. Collective Investment Schemes and Self-Managed Investment Companies with umbrella structures will be liable to a levy of €1,435 in respect of each umbrella fund plus an additional amount of €235 per sub-fund up to ten sub-funds and a further €135 per sub-fund from eleven to the maximum number of twenty. It follows that the maximum levy payable will be €5,135. Branches of credit institutions and insurance undertakings will not attract any prudential supervision related charges because of the home country supervision procedure. They will however be subject to a levy designed to contribute towards the cost of consumer protection regulation since they may engage with Irish residents.
A greater degree of granularity is required either in relation to the cost allocation process or in relation to the number of impact based levies within a single impact category.	A description of our cost allocation methodology has been set out in paragraphs 3.3 to 3.8 above.
The credit union representative bodies are opposed to a change in the level of funding to be provided by the sector, citing the societal benefit of credit unions, their not-for-profit nature and the failure of the levy calculation methodology to acknowledge ability to pay.	The Bank intends to consult with the Minister for Finance regarding the phasing in, commencing in 2016, of a move to 50 per cent funding of the cost of regulating the credit union sector over a five year period by gradually increasing the cap upwards from 0.01 per cent of total assets.

With these exceptions there appears to be a consensus that all sectors must make the relevant contribution to the cost of financial regulation.	
The introduction of application fees will have a negative impact on Ireland's competitiveness in attracting new regulated entities and the proposed application fees appear high when benchmarked against other EEA jurisdictions. Reference was also made to a perceived lack of clear guidance as to what is expected of an applicant by the Bank.	The Bank intends to defer the introduction of application fees until 2014 to provide an opportunity for further consultation with industry both in relation to the level of authorisation fees and service standards. This will also failitate liaison with the Department of Finance regarding the introduction of primary legislation where required.
One firm proposed that regulated entites should only be liable for levies once they have been authorised, have been in business for a particular period of time and have reached a certain threshold in relation to client numbers, assets under management etc.	The Bank's existing policy in relation to pro-rata levies will be maintained in the case of regulated entities whose authorisation is revoked during the course of the year. We intend to apply pro-rata levies to all regulated entities in the year in which they are authorised.
Submissions under the heading of unpaid levies were generally supportive of the Bank's proposals.	The Bank proposes to implement a phased approach to the introduction of a policy of increased actions in relation to unpaid levies (consisting of additional fines and warnings and potentially also the unilateral revocation of the authorisation of those regulated entities that fail to pay their levy). This policy will be clearly communicated to Industry in advance of implementation.
Submissions in relation to the treatment of monetary penalties were split as between 100 per cent remittance to the Exchequer and the offset of monetary penalties against the levies of the industry category to which they relate. In addition a number of alternatives were also proposed.	The Bank intends to implement, in 2013, a policy of remitting 100 per cent of all monetary penalties to the Exchequer. This may require an amendment to the Central Bank of Ireland (Surplus Income) Regulations, 1943.
Implementation of the proposed changes should be deferred until 2014 to allow the Bank to confirm the nature of the changes to be implemented and the implications of those changes for individual firms.	As noted above, the introduction of application fees has been deferred until 2014. Changes to the proportion of funding of the cost of financial regulation of the credit union sector will not be sought in advance of 2016. The Bank does, however, propose to introduce impact based levies in 2013.
The amount of the levy payable by regulated entities should be disclosed at a much earlier point in the year than heretofore.	The Bank intends to publish, on an annual basis, information on the levies payable by regulated entities as soon as practicable following approval of the Regulations by the Minister for Finance.

Appendix A

Introduction and Background to Impact Scores

Introduction

Risk-based supervision starts with the premise that not all firms are equally important to the economy and that a regulator can deliver most value through focusing its energies on those firms which are most significant and on the risks that pose the greatest threat to financial stability and consumers.

A risk-based system will also provide a systematic and structured means of assessing different types of risk, ensuring that idiosyncratic approaches to firm supervision are avoided and that potential risks are analysed for higher impact firms using a common framework. This facilitates judgements about potential risk in different firms to be made using a common risk scale.

At its core, risk-based supervision accepts the premise that resources are finite, that there is no unlimited pool of public or industry funding on which to draw and that every regulator has to make choices as to what it will do and what it will not do. It makes no a priori judgement on what the right level of resources should be but seeks to deploy the available resources in the most efficient fashion.

Under PRISM$_{TM}$, the most significant firms - those with the ability to have the greatest impact on financial stability and the consumer - receive a high level of supervision under structured engagement plans, leading to early interventions to mitigate potential risks. Conversely, those firms which have the lowest potential adverse impact are supervised more reactively or through thematic assessments, with the Central Bank taking targeted enforcement action against firms across all impact categories whose poor behaviour risks jeopardising the Central Bank's statutory objectives, including financial stability and consumer protection.

PRISM$_{TM}$ enables firms to be categorised based on impact so that supervisors can guard against the potential failure of those firms posing the highest potential impact. A firm's impact is a reflection of the potential scale of harm (prudential, reputational or consumer related) that could arise from the failure of the firm. It is not a measure of the likelihood of failure. In a PRISM$_{TM}$ context, a given firm's impact is approximated by impact scores which are calculated by combining impact metric data (see below).

Impact Scoring Process Explained

To accurately reflect firms' impacts, selected items from their most up to date data (known as impact metrics) are used. For discrete sectors or sub-sectors of industry common impact metrics are used in order to reflect specific aspects of the industry. The full list of impact metrics used for discrete sectors/sub-sectors of industry is set out in Appendix C of the information paper *PRISM Explained* on the Central Bank's website.

Each impact metric adds to the final impact score on a basis determined by the impact model parameters. The impact score is recalculated automatically every time new data is submitted to the Central Bank via the online reporting tool. The impact score will be calculated even when only some of the impact metrics are refreshed by using a combination of new data and data that was used in the previous calculation. For example, some impact metrics could be reported by a firm on an annual basis whilst others will be reported on a quarterly basis. In this scenario, the impact score will be updated four times a year using last year's annual figures and the most up to date quarterly figures from quarter to quarter.

Impact Score Calculation Explained

The impact score represents a weighted average of impact metrics data from various prudential returns. For similar sets of firms (for example, Intermediaries), common impact metrics are used in order to reflect specific aspects of the industry. Each impact metric adds to the final impact score on a basis determined by the impact model parameters. Impact scoring parameters have been established based on sector-specific available recent data.

Industry specific impact metrics are used to calculate impact scores. Due to the diversity of impact metrics (for example, number of customers as a metric may reflect something quite different in impact terms to premium income as a metric) across the many regulated sectors, the first step in calculating an impact score is to translate the raw impact metric range into a common range so that metrics can be combined and compared. To put this in context, some capital-related metrics may range from thousands to tens of millions, while client-based metrics may range from a few dozen to millions.

The second step is to set the parameters and calibrate the raw impact metric data submitted by firms in their returns to the Central Bank to provide a “normalised” impact metric value that can be weighted and then summed to produce overall impact scores. Each impact metric adds to the final impact score on a weighted basis. These weightings are industry specific and reflect the relative importance of one metric over another within the given sector.

How the impact score can be used

Impact scores are used to compare firms in terms of their impact and to categorise them into five impact categories.

Typically, ultra high impact firms are large domestic firms or international firms with Irish headquarters and with potential to cause large scale damage to the financial system and the Irish economy.

High impact firms tend to have impact score above 2,000 points. Typically, high impact firms are large domestic and international financial firms which are major players in their respective markets with considerable potential to cause large-scale damage to financial sector stability.

Medium-High impact firms tend to have impact scores between 700 and 2,000. Typically, medium-high impact firms are large firms with considerable potential to cause prudential harm or customer loss. They are, however, not systemically important institutions but firms whose failure (if managed properly) should not derail the financial system or wider economy.

Medium-Low impact firms tend to have impact scores between 200 and 700. Typically, medium-low impact firms are medium-sized and non-dominant players in their respective industries.

Low impact firms tend to have impact scores lower than 200. These constitute the bulk of the regulated firms operating in Ireland. Failure of individual firms in this category would not cause significant damage to the State or its citizens as a whole.

Impact scores can also be used to compare firms within an impact category. For example, a firm with an impact score of 75 points is deemed to have a lower impact relative to all firms in the same impact category with higher impact scores. This does not necessarily mean that a firm with an impact score of 150 would have twice the impact of a firm with a score of 75, but it would have a significantly greater impact. It is also reflective of the fact that the firm scoring 150 has a much greater potential to grow and become a medium low impact company over time.

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