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YOUR REF:

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CP 61 Consultation on Impact Based Levies and Other Levy Related Matters

Dear Sir/Madam

We are writing to you to provide our feedback to Consultation Paper 61 (“CP 61”).

We note that the Irish Funds Industry Association has submitted a response to CP 61 and we endorse all the points made in that submission. The purpose of this letter is to highlight certain points which we feel are of particular importance, as opposed to addressing each question posed in CP61.

Collective Investment Schemes (CIS) and Self Managed Investment Companies (SMICs) with umbrella structures

We support the Central Bank’s proposal to apply a minimum levy per umbrella structure plus an additional levy per sub-fund, subject to a maximum number of sub-funds.

If a cap is not placed on the levies, then umbrella structures with 8 or more sub-funds could potentially be liable for significantly higher levies. We do not consider that structuring the levies payable by CIS and SMICs in such a manner conforms to the spirit of the impact-based approach, nor would it be welcomed by fund managers who have chosen Ireland as the domicile for their large umbrella structures.

Application Fees

We note 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.

We note that in some cases, the proposed application fees are significantly higher than those imposed by the FSA and CSSF in relation to equivalent or similar applications. We fear that the imposition of

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application fees which are significantly higher than alternative jurisdictions might act as a deterrent to new applicants.

We note that the proposed application fee for a standalone fund is €2,000 and for an umbrella structure is €5,000. We would suggest that a similar approach is taken here as proposed above in relation to the application of the annual levy to umbrella structures, i.e. that a minimum application fee apply per umbrella structure plus an additional levy per sub-fund, subject to a maximum amount of €5,000.

Pro-rata levies

We 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 Central Bank.

Treatment of Monetary Penalties

We support the proposal regarding offsetting the value of monetary penalties against the levies of the industry category to which they relate.

Yours sincerely,

LK SHIELDS SOLICITORS

Sent by email and, accordingly, bears no signature.