

Authorisation Services Standards Consultation Team
Central Bank of Ireland
PO Box No 559
Dame Street
Dublin 2

By email

28th October 2013

Dear Sir/Madam

Ref: Response to Consultation on Authorisation Service Standards (CP67)

DIMA welcomes the opportunity to respond on behalf of its members to the proposals detailed by the Central Bank of Ireland (CBI) in CP67 on the authorisation of regulated firms, funds and intermediaries, incorporating process improvements and service standards. Much of the consultation document is not directly applicable to DIMA members, which are predominantly re/insurance entities writing international business from an Irish base. This response deals solely with those areas which directly affect the DIMA membership.

1. Executive summary

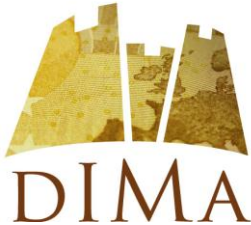
DIMA agrees with the CBI analysis that the authorisation process should be both efficient and timely. We concur with the CBI's aim of improving both these facets of the process while maintaining appropriate levels of assessment of new applicants. To this end new service standards for the authorisation process are welcomed.

The CBI notes in the executive summary that it has decided to introduce application fees from 2014 and intends a further consultation on this issue. We will address this in more detail further in this submission.

We welcome the CBI's commitment to dialogue as part of the application process, and that the CBI is encouraging firms to engage early in advance of formal applications "for more complex or innovative structures". It is clear in the consultation paper that the CBI regards insurance and reinsurance applications as fitting this description, and we encourage the CBI to promote and maintain an active dialogue in advance of applications, particularly in light of the proposals further in this consultation paper on application fees.

2. Introduction

We concur with the CBI's analysis of the authorisation process as a "key element" of the supervisory process, and that this should deliver a "rigorous level of scrutiny so as to mitigate the risk that firms could pose harm to customers, counterparties and the wider market". This should continue to be applied within the context of the principle of proportionality.



3. Process Improvements Strategy for high volume processes

We note that Credit Institutions, Credit Unions, Insurance Companies and Investment Firms are excluded from the Regulatory Transactions Strategy (RTS) proposals because of the low volume, highly specialised nature of such authorisations, rendering them unsuitable for significant process re-engineering and automation. Notwithstanding this, we support the general direction of this consultation that all processes will be subject to improved efficiency and timeliness proposals.

4. Credit Institutions and Insurance Undertakings Authorisation

We note the CBI analysis that the volume of applications for credit institutions and insurance undertakings has lessened in recent times, and that there has been little homogeneity in the types of application submitted to the CBI. As financial services sectors go through their own cycles, changes in activity levels and types of entities, reflecting these cycles, are to be expected, and the CBI has responded to this challenge, as evidenced by the types of applications detailed in the consultation paper. It is critical that the CBI remains cognisant of the differing types of structures as markets and products develop.

It is welcomed that authorisation applications for captives and SPRVs are not required to be considered by the Authorisations Committee, since this reflects the risk profile of these types of entities.

We note that the service standards, as described in Section 11, will apply from Q1 2014 and that performance data will be published on a half-yearly basis.

10. Application Fees

We direct the CBI to the comments made by DIMA in its response to consultation paper CP61 Consultation on Impact Based Levies and other Related Matters. DIMA notes that the CBI has decided to introduce application fees, and that it will conduct a further consultation in relation to the appropriate quantum of these.

While the introduction *per se* of application fees is not in itself a barrier to entry, the quantum of such fees is an important factor and needs to be considered more closely to ensure they are set at levels which do not disadvantage Ireland in terms of potential future growth. It is noted that the CBI holds the view that existing regulated financial services providers should not be required to subsidise the cost of processing application fees for new applications; there is, however, a balance to be struck between the processing cost and the benefit of an extended marketplace in Ireland, and this is a balance which is viewed as important by existing institutions which may be viewed as providing potential subsidies to the future process. Comparative fees charged by other jurisdictions are an important aspect in establishing the correct quantum going forward, and DIMA welcomes the opportunity to respond to these issues in more detail as part of the forthcoming consultation.

The proposals that fees will be payable when an authorisation application is submitted and will be non-refundable also need to be considered in more detail. If such changes are to be implemented, it is vital that there is clear and open communication between the CBI



and prospective applicants in advance of an authorisation application being made. DIMA notes that the CBI recognises the high level of service delivery which will be required with the introduction of application fees, and this tenet should be applied to the pre-application relationship as well as the application process itself.

11. Authorisation Performance and Draft Services Standards

DIMA welcomes the proposals for service standards and performance reports, as outlined in this consultation paper. Guidance on what constitutes a complete application is a welcome positive step. Table 11.1 detailing the standards and targets is thus taken to be indicative of the ultimate target period, and that the service standards may surpass the targets as proposed.

It is reassuring that the CBI is encouraging firms with more complex applications to engage early in advance of submitting an application.

12. Feedback on Authorisation Process

The proposal to introduce a post-authorisation feedback mechanism is welcomed to assist in improving the future efficiency and effectiveness of the process.

DIMA thanks the CBI for the opportunity to comment on the proposals for authorisation service standards, and looks forward to engaging in more detail specifically on application fees in the future consultation. We are happy to meet with the CBI to discuss any comments made in this response in more details.

Yours faithfully

Sarah Goddard
CEO
DIMA

Sarah Goddard – Chief Executive Officer, Tim Byrne – Company Secretary
Stephen Devine (Chairman), Debbie O'Hare (Vice Chairman) (UK), Patricia Kavanagh (Treasurer),
Michael Brady, Tim Hennessy, Stephen Hodgins, Marco Nuvoloni, Ann O'Keeffe, Viviana Pascoletti (Italy), Tony Pearson (UK),
Martin Scullion (UK), Larry Sherin, David Stafford, Eddy Van Cutsem (Belgium)
Registered Office: Grand Mill Quay, Barrow Street, Dublin 4, Ireland
Company Registration No: 394270

Pavilion House, 31/32 Fitzwilliam Square, Dublin 2, Ireland.
tel: +353 1 775 9448 fax: +353 1 775 9409 email: executive@dima.ie web: www.dima.ie