

Response from IBA to
Consultation on Authorisation of
Regulated Firms, Funds and
Intermediaries: Process
Improvements and Service Standards

Consultation Paper CP 67

25 October 2013

Irish Brokers
association 

2. Introduction

The IBA in welcoming proposed new service standards that promise improved efficiency and cost effectiveness recognises that

- A significant operational activity of the Central Bank of Ireland is as a supervisory gateway
- The process of authorisation should strike the right balance between scrutiny and a high level of service delivery.
- The level of protection for consumers should not be compromised by the automated process.
- The automated process should deliver improved efficiency, consistent decision making, transparent service, improved feedback and shorter application period.

The typical criteria for assessing applications are noted and it is accepted that these may vary according to sector type. The three tier approach to authorisation would appear to make the process for applications more streamlined.

(It is noted that criteria in relation to "goodwill and fiscal stability" are the subject of CP 72 consultation process)

3 Process Improvements Strategy for High volume processes

The objectives of the Regulatory Transactions Strategy (RTS) outlined on page 10 are noted with interest. Delivery of these objectives will meet the needs of and enhance the service to, our members. The organisational principles set out on page 11 should, if utilised to their full potential be of great assistance to both new and existing Intermediaries. We look forward to a greater degree of transparency in each step of the process. Without restating each of the 11 bullets we note the following items as being particularly beneficial if they operate as we expect

- Saving of initial information in an electronic format will mean less duplication in 'form filling' for our members when additional approvals are sought, subsequent to authorisation (bullet 3)
- There will be an ability for our members to regularly check and update certain information that is currently 'notification required' on their record (bullet4)
- A clear and informative exchange of information on a secure on-line portal will be useful in providing continuity and consistency communication. (bullets 5& 11)
- The ability to track each step of application process will be particularly beneficial (bullet 8)
- We anticipate that a workflow system will support greater efficiency in process of application. (bullet 9)
- When queries are raised and responded to without delay we expect that the workflow will assist the continuation of the authorisation process also without delay. We believe it would be counterproductive if cases that simply require some further clarification (rather than require fundamental explanation) are put back to the 'end of the queue'
- We understand that the process will allow simultaneous scrutiny of applications under the various strands F&P, Consumer Protection, Fiscal stability etc. and a query in relation to one aspect will not halt the process in relation to other elements.

A detailed guidance manual and training in this system will maximise the benefits for all industry stakeholders. We expect that the organisational principles that apply to new authorisations will be extended through the on-line reporting system to all Intermediaries who currently have on line records. We expect that any applications made from now, until the automated process commences, will benefit immediately from the elimination of "non-value added steps" revealed in the recent evaluation of the existing processes.

6 Retail Intermediary Authorisation

We are familiar with On-line reporting and the automated Individual Questionnaire and see this development as being in line with a more efficient system. We are reassured that although the process is being more automated that the *"assessment of information will remain a manual process"*. We trust the level of resources and expertise of individuals involved in the manual process will not diminish in the wake of a more automated process but rather enhanced with the elimination of the administrative problems outlined in bullets on pages 15&16 (problems peculiar, but not exclusively applicable to, Fund and Fund service).

The range of authorisation time seems to vary greatly. 21 days to 18 months seems like an extraordinary divergence in the application period. We note the commentary that the quality of the information and the extent of engagement between the applicants and the Central Bank are clearly in proportion to the length of time it takes to process an application.

We notice the emphasis on the requirement for completeness of applications and the linkage that is made between achieving service standards relative to the quality of the applications. We believe a very helpful resource for future applications will be both the publication of

- Guide to Completion referenced on page 33 to be published by 31 October 2014 and
- Post –authorisation feedback (referenced on page 34)
 - It appears that this will be available to each individual applicant and will be of value to the individual applicants.
 - An overall collated summary of the feedback provided individually, and provided on a regular (say quarterly) basis would be useful to future applicants, and those providing guidance to them, in their impending applications.

As there are parallel regimes for IIA and IMR applications and also a joint application form it would be very useful if clear guidelines were given as to whether an application is required, for either one or both regimes should be made.

9 Investment Firms Authorisation

The segregation of applications by recognitions of their scope of activities and heightened regulatory risk is welcome. The division of applicant firms according to their risk level and the opportunity for preliminary meetings should improve levels of understanding of the risk and potential exposure involved. The ability to reapply without loss of application fee will assist applicants. The greater level of engagement described between CBI and applicants within strict timelines and guidance on what constitutes a completed application will give practical examples of what is expected of applicant in this process.

10 Application Fees

The IBA are pleased to see that the cost of processing applications is not going to be passed on existing regulated entities. We note that there will be further consultation in 2014 in relation to the quantum of the application fee and look forward to sight of this consultation paper in due course. We note that application fee levels will be carefully calibrated to take account of both operational costs and comparative fees in other jurisdictions. We are however concerned that the level of application fees do not act as a barrier to business. We note that fees will not be refunded in the event that an application for authorisation is withdrawn or refused. An indication in this context as to what would be likely to trigger refusal or withdrawal would be useful.

11 Authorisation Performance and Draft Service Standards

The timelines for new standards are noted. We trust any refinement in the draft standards will be advised when available. The publication of

- (i) guidance on what constitutes a complete application and
 - (ii) authorisation service standards
- by 31st October 2014 will facilitate new applicant and their advisors

The reports on performance against the targets will be of interest to all involved in the process.

12 Feedback on the Authorisation Process

Feedback will be of assistance to both new applicants and CBI in refining and improving both the authorisation process system and the quality of applications. 360 degree engagement in the feedback process would assist all stakeholders.

Conclusion

The Irish brokers Association are fully committed to a process that delivers improvements in the present authorisation system. A process that streamlines both the authorisations and post-authorisations process for our members who are retail and investment intermediaries is a positive development. Improvements in cost effectiveness and efficiency in response, whilst continuing to provide an effective supervisory framework to ensure the stability of the market for the protection of the consumer is in the interest of all stakeholders in the financial services industry. We look forward to the roll out of the new process in 2014.

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