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## CP 67: Response to Consultation on Authorisation Service Standards

Dear Sirs

Please see our comments below relating to the public consultation process “CP 67: Consultation on Authorisation of Regulated Firms, Funds and Intermediaries: Process Improvements and Service Standards” (the “Consultation”).

### Process Improvements Strategy for High Volume Processes (Section 3)

Given the Central Bank’s goal of introducing a “*high degree of automation*” pursuant to the RTS, we would observe that this will not necessarily guarantee more effective and efficient regulatory processes, being the stated aim, in the absence of steps being taken at an early stage by the Central Bank to educate and familiarise industry participants with the operation of any new automated system and to ensure that effective support services are in place to assist in negotiating the new processes.

We would note in this regard that the introduction of the Central Bank’s ONR system has to date resulted in materially more time being spent on regulatory filings that were previously straightforward, with resultant impacts on regulatory-associated costs. If the intention is to move increasingly towards automation we would suggest that the focus on supporting participants’ experience of these systems could be improved, for example, by the Central Bank making available a dedicated telephone helpline (as opposed to email service) to address queries.

### Application Fees (Section 10)

We note the Central Bank’s intention to proceed with the introduction of fees for demand-driven services such as the processing of applications for authorisation.

The need to ensure that the quantum of any such fees does not hinder Ireland’s ability to compete as a fund domicile of choice cannot be over-emphasised and we would urge the Central Bank to rigorously assess regulatory cost equivalence as against competing jurisdictions prior to making any final determination as to the level of such fees. It would be important, in addition, that participants’ experience of existing services that are to be made subject to a new fee be seen, at a minimum, to maintain current standards vis-a-vis efficiency in facilitating speed to market.

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## **Investment Firms Authorisation (Section 9)**

We note the Central Bank's intention to seek, as part of the proposed Level 2 process for authorisation of investment firms, a *"legal opinion"* regarding the MiFID/IIA activities for which applicant firms require authorisation.

We would request that the Central Bank advise, in advance of the introduction of this new process, precisely what is contemplated here. Although it is not possible to comment definitively on this requirement absent further detail, we would note that the need for formal legal opinions will likely add to the time and cost of making an application.

With regard to the timelines proposed for authorisation of investment firms, we would observe that the suggested timelines do not appear to be in line with current expectations. We would query, for example, why the Central Bank will require two weeks after the preliminary meeting to inform an applicant of what is required for a 'complete' application. This is surprising particularly given the Central Bank's intention to publish guidance on what will constitute a 'complete' application.

We would also suggest that the timeframe for reviewing the substance of an application should run from the date on which the Central Bank receives the application, not from the date on which the Central Bank receives a "complete application". If an application is "incomplete" in any respect that does not materially impede the Central Bank's ability to review the documentation that has been submitted, this should be raised in first comments along with the Bank's substantive comments on the documentation received. Providing for a two week period in which to simply assess the "completeness" of an application is likely to impede efficiency by introducing to the process new potential for delay.

## **Authorisation Performance and Draft Service Standards (Section 11)**

With regard to the two service standards proposed for authorisation of funds, it is our opinion that the standards set out under Option 1 are to be preferred, as the time it takes to process applications within the Central Bank is more reflective of how applicant's currently assess the authorisation process.

Again, however, we would re-iterate our concerns, set out above, in relation to the proposal to introduce a time period specifically for the assessment of whether or not an application is "complete".

We would also submit that, since the service standards under Option 1 address only the time taken to process an application within the Central Bank, the 3 week/6 week periods proposed for service standards A2.2 and A2.3 respectively could be reduced further still. Currently, for example, it would be expected that the entire process for approval of a new non-clone sub-fund (taking account of both the review time with the Central Bank and also the time taken by the applicant to address the issues raised) would not normally take more than 6 weeks from date of first filing to date of approval.

We would be happy to discuss any of the above with you further, should the need arise.

Yours faithfully,

*Sent via email and accordingly bears no signature.*

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William Fry

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