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15 June 2011

**Re: Themed Inspection – Complaints Handling by Investment and Stockbroking Firms**

Dear Sir/Madam

The Central Bank of Ireland (‘the Central Bank’) recently carried out a themed inspection to examine the complaints handling processes used by investment and stockbroking firms (‘firms’) authorised under the European Communities (Markets in Financial Instruments) Regulations, 2007 (‘MiFID Regulations’). The purpose of this letter is to provide feedback in relation to the findings from the theme and to highlight a number of concerns, which we request that you consider in the context of your firm. Issues raised in this industry letter may be considered during the conduct of other inspections.

MiFID Regulation 38 requires firms “*to maintain effective and transparent procedures for the reasonable and prompt handling of complaints received from retail or potential retail clients, and to keep a record of each complaint and the measures taken for the resolution of the complaint*”. The inspection involved on-site visits to six firms where over 160 individual complaints were reviewed. A desk-based analysis of the complaints procedures of the 53 firms dealing with retail clients was also conducted.

The findings from the on-site visits to the six firms were largely positive with firms acknowledging complaints, updating clients on the status of their complaints and maintaining adequate records of complaints. Also, the six firms visited had processes in place for escalating complaint issues to senior management.

The findings from the desk-based analysis indicate that all 53 firms had a written complaints procedure in place, however, the review of the complaints procedures gave rise to concerns. It highlighted significant issues including failure to:

- provide a definition of a complaint;
- acknowledge a complaint in a timely manner;
- keep the complainant updated; and
- advise the complainant of their right to refer the matter to the Financial Services Ombudsman.

The Central Bank expects firms to meet the complaint handling requirements as set out in the Consumer Protection Code ('Code') to ensure compliance with the MiFID Regulations. The Central Bank requests that all firms review their current complaints handling procedure to ensure it meets the standard set out in the Code and that complaints handling procedures are approved by senior management within each firm. While your firm may not currently have retail clients, please note this Regulation applies to "*retail or potential retail clients*" and in that context, the Central Bank expects all firms to be cognisant of the contents of this letter. In addition, a positive finding noted from the on-site visits is that the firms inspected had processes in place for identifying possible trends in complaints and escalating this information to senior management. The Central Bank would like to emphasise the importance of this management information escalation process in order to improve client services and inform procedures and controls.

Should you have any queries in relation to the contents of this letter, please contact Ms Ann McNally at [ann.mcnally@centralbank.ie](mailto:ann.mcnally@centralbank.ie).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian O'Brien', with a stylized flourish at the end.

**Adrian O'Brien**  
**Deputy Head of Consumer Protection Codes**