

PRESS RELEASE

Investor Compensation Company DAC publishes its 2024 Annual Report

Introduction

The Investor Compensation Company DAC ["ICCL"] is a statutory body established under the Investor Compensation Act, 1998, ("the Act") to provide, in the circumstances prescribed under that Act, compensation to eligible clients of failed investment firms, where such firms are unable to return client money and/or investment instruments belonging to them. The Compensation Scheme is primarily aimed at small investors and provides compensation of up to €20,000 for each investor for claims covered. The ICCL collects levies annually from investment firms in order to build the reserves from which compensation can be paid. The ICCL does not receive any funding from the State.

Results for the year

The ICCL has recorded a surplus for the year to 31 July 2024 of €5.3 million, a reduction of €4.3 million on the previous year (largely due to the non-recurrence of special risk equalisation levies which had arisen in the prior period). At the reporting date, aggregate reserves had reached €103 million (2023: 97.7 million). The reserves consisted of €75.7 million in the Scheme's primary fund (Fund A), which is dedicated to larger investment firms such as banks, asset managers and stockbrokers, and €27.3 million in the secondary fund (Fund B), which is earmarked for smaller investment firms including insurance brokers and retail intermediaries.

Funding

The reserves of the ICCL are comprised of levies paid by authorised investment firms that participate in the Scheme. Funding plans are set in advance for three-yearly cycles following consultation with stakeholders including the contributing firms. Since the financial year-end, the reserves have risen to €109 million, reflecting levies collected in the current funding period.

This funding capacity is complemented by bespoke Excess of Loss insurance policies (underwritten by the Lloyds' market) which provide additional resources of up to €150 million and €10 million respectively. This means that the Company can meet compensation claims from eligible clients of failed investment firms of over €230 million (Fund A) and €37 million (Fund B), before any supplementary levies on member investment firms are considered. A review of the Company's funding model has commenced.

At the reporting date, there were 2,840 investment firms participating in the Scheme, (2023: 2,953). This comprised 162 firms in Fund A and 2,678 in Fund B.

Cases

BlackBee Investments Limited (BBIL)

In May 2023, the High Court appointed EY as Joint Official Liquidators/Administrators to BBIL, an investment firm affiliated to Fund A. Invitations to submit claims for compensation were issued to all clients of the firm (which totalled 2,055). To date, more than 1,600 claim forms have been received, all of which have been sent to the Administrators for certification following

completion of preliminary validation processes. These claims will be certified upon the conclusion of investigations by the Liquidators into the affairs of BBIL, and the related reconciliation of client accounts. It remains unclear at this time whether compensatable losses will arise. The ICCL stands ready to process all certified claims received from the Administrators without delay.

Custom House Capital (CHC)

There were a small number of residual claims dealt with during the past year in the CHC case which is now essentially completed. Aggregate compensation of €11.9 million has been certified with 97 per cent of claims settled, resulting in compensation of €11.5 million being paid by the Company. The ICCL is exploring how the remaining undistributable compensation funds (due principally to the claimants concerned being uncontactable) can be discharged.

Chairperson's Comments

Speaking on the publication of the Annual Report, the Chairperson of the ICCL, Mrs Jane Marshall, said:

"The ICCL had another satisfactory year with further advances made in the building of compensation funds towards agreed targets. This progress is testament to the sustained support of the contributing investment firms."

All claims for compensation received from clients of BlackBee Investments have been forwarded to the Administrators for certification, who will determine the extent of compensatable losses incurred if any. The ICCL will process claims certified by the Administrators as speedily as possible on receipt."

The ICCL Annual Report for the year-ended 31 July 2024 is now available online at www.investorcompensation.ie

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