

PRESS RELEASE

Investor Compensation Company DAC publishes its 2025 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.

Financial Results

The ICCL has recorded a surplus for the year to 31 July 2025 of €16.4 million, an increase of €11.1 million on the preceding year which was primarily attributable to receipts of risk equalisation levies. At the reporting date, aggregate reserves stood at €119.4 million (2024: €103.0 million). The reserves comprised €91.5 million in the Scheme's primary fund (Fund A), which is earmarked for larger investment firms such as banks, asset managers and wealth managers, and €28.0 million in the secondary fund (Fund B), which is assigned to smaller investment firms including insurance brokers and retail intermediaries.

Funding

The reserves of the ICCL are composed 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 €125.8 million, reflecting levies collected in the latest funding period.

This funding capacity is supplemented by bespoke Excess of Loss insurance policies (underwritten by the Lloyds' market) which provide additional resources of up to €240 million and €10 million respectively. As a result, the Company can discharge compensation claims from eligible clients of failed investment firms of over €330 million (Fund A) and €38 million (Fund B), before any additional levies on member investment firms are considered.

The Company is undertaking a comprehensive evaluation of its funding requirements for the purposes of ensuring that the Scheme's capacity to meet its obligations remains on a viable trajectory for the medium term. This undertaking will encompass the design of a risk-based funding model, focussed on fund targets and levy apportionment methodologies. The proposals arising from this review will be subject of consultation with both the Central Bank and the financial services industry.

At the reporting date, there were 2,795 investment firms participating in the Scheme, (2024: 2,840). This comprised 167 firms in Fund A and 2,628 in Fund B.

Compensation Cases

BlackBee Investments Limited (BBIL)

The Compensation Scheme was activated in respect of BBIL in May 2023, following a High Court order that the firm be wound up, with EY appointed as Liquidators/Administrators. The ICCL invited all clients of the firm to apply for compensation for losses incurred. More than 1,700 claims have been received and forwarded to the Administrators for certification. As at 31 July 2025, the Administrators had certified over 130 claims, with no compensation payable in each instance. The Administrators have confirmed that no compensatable losses have arisen to date but this position may change as the Liquidators continue their investigations into the activities of the firm. It is expected that the certification of the outstanding claims will extend well into 2026 and beyond. On receipt of certifications from the Administrators, the ICCL will promptly pay compensation due to eligible claimants.

Custom House Capital (CHC)

CHC was the largest compensation case dealt with by the ICCL since the inception of the Compensation Scheme. Aggregate compensation of €11.9 million in respect of more than 2,300 claimants was certified by the Administrator and the claims process has now concluded. The ICCL has paid out almost €11.8 million in compensation to clients of the firm with the residual amount relating to claimants that are uncontactable or that have yet to submit obligatory documentation.

Chairperson's Comments

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

"The past year has seen the Company progress a number of the key objectives of our Strategic Plan, including the review of our funding model to set capacity on a sustainable path for the periods ahead, and the strengthening of infrastructure to support operational efficiency and resilience.

I welcome that the Administrators of BlackBee Investments have commenced the certification of claims received from clients of that firm. The ICCL will pay any compensation due promptly on receipt of such certifications.

The ICCL Annual Report for the year-ended 31 July 2025 is now available online at www.investorcompensation.ie

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For further information, please contact:

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Mrs Jane Marshall, ICCL Chairperson and Mr Michael Fagan, Chief Operations Officer will be available to receive phone calls from the media on Wednesday 17 December

2025 from 11.00am until 12.00pm. Any e-mailed requests for information will be attended to as quickly as possible and in the order in which they are received.

Note for Editors:

The ICCL was established under the Act. Its principal objective is to establish and operate an investor compensation scheme in accordance with the terms of EU Investor Compensation Scheme Directive 97/9/EC. The Act provides that investment firms must become members of the scheme and contribute to its funding. Following industry consultation, detailed funding arrangements were put in place which provided for the establishment of two separate funds to take account of differences in the activities of investment firms. The ICCL is not involved in the regulation or supervision of investment firms.

The ICCL is funded through levies collected from participant investment firms and receives no State funding (see below).

Ten Directors represent the interests of consumers (5) and the interests of the financial services industry (5) and are prescribed by the Minister for Finance. The Governor of the Central Bank of Ireland nominates and appoints the Chairperson and Deputy Chairperson of the Board.

ICCL Funding Model

The ICCL's funding requirements, and related levy contributions from investment firms participating in the Scheme, are normally determined on a triennial basis having regard to its statutory responsibility to maintain adequate reserves to meet reasonably foreseeable obligations that may arise. There are a number of sources of finance available to meet compensation liabilities including:

- Payments from the reserves built up in Fund A or Fund B, as appropriate.
- Additional top-up payments to be collected from participant firms subject to certain limitations on the supplementary amount in any one year.
- Claim on 'Excess of Loss' Insurance Policies where the level of claims in any one year exceeds €15 million per fund.
- Commercial borrowing may be arranged under the ICCL's statutory borrowing powers. This borrowing is subject to approval by the Central Bank.
- Inter-fund borrowing. Under Section 19 of the Act, inter-fund borrowing is permitted up to one third of the fund, subject to approval by the Central Bank.

The implementation sequence of the individual elements of the cascade model will be determined by the Board of the ICCL depending on circumstances prevailing at the time of default of an investment firm.

During the year, the Board initiated a wide-ranging review of funding and engaged expert economic consultants to assist in that process. The recommendations from this review will be framed to ensure that the funding model is sufficiently robust and flexible to discharge compensation-related responsibilities that result from claims events, having regard to the evolving economic and technological landscape and changing investor behaviours.

Role of the Administrator

The Act requires that the Central Bank or the High Court, as appropriate, appoint an Administrator to each new case. This role is usually undertaken by the Liquidator of the

insolvent firm concerned. The principal responsibilities of the Administrator are to review each claim received from clients of the failed investment firm, to verify the eligibility and net loss of each claimant, and to certify the level of compensatable loss, if any, to be paid. The ICCL strives to ensure payment to each eligible client is made within two weeks of receipt of the certification statement from the Administrator.

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