



27 March 2024

Re: Risk Equalisation Review Feedback Statement

Dear CEO,

You will be aware that as your firm is authorised to provide certain regulated investment services, it is a member of Fund A of the Investor Compensation Scheme ('ICS') as operated by The Investor Compensation Company DAC ('ICCL'). The amount of annual levy contribution that your firm may be required to pay annually is calculated in accordance with the established Funding Arrangements of the ICS, which were issued in early 2022 for the funding period August 2022 to July 2025.

The Risk Equalisation Rule ('RER')* which forms part of ICCL's funding arrangements, applies in specified circumstances, such as where your firm acquires a significant book of new business that is not currently within the scope of the ICS. You should note therefore that your firm's existing and future levies will **not** be impacted by the changes to the RER **unless** it undertakes a transaction such as acquiring a significant book of business that is not currently within the scope of the ICS.

In the Funding Arrangements, the ICCL committed to undertake a review of the RER. In November 2023, having consulted with the Central Bank of Ireland as required by the Investor Compensation Act, 1998, the ICCL issued a consultation document to all Fund A participant firms setting out four proposals to amend the RER.

Arising from engagement with industry participants the ICCL has concluded that all four proposals, as outlined in the consultation should be implemented in full, without alteration. In addition, as set out in section 3 of the RER Feedback Statement, the ICCL has determined that certain transitional arrangements and other related actions should be taken for RER in-scope transactions undertaken between 1 March 2020 and 31 March 2024.

The updates to the RER will take effect from 1 April 2024 for any new RER transactions. Further detail is included in the RER Feedback Statement which is available from the publications section of the ICCL website.

If your firm has any queries, please contact us at info@investorcompensation.ie with details of your specific query.

Yours sincerely,

Alan de Lacy

Policy & Funding Manager

* The revised Risk Equalisation Rule is set out in section 5 of the RER Feedback Statement.