



Response to Consultation Paper
Funding the Investor Compensation Scheme
December 2012

Question 1: Do you agree with the target Fund Reserve for Fund A?

- Answer: No. Previous target of €30m was not actually achieved. From a performance management perspective it would be preferable to set a target that can be achieved. Consequently a target of €25m would demonstrate to the members, and our insurers, that we can establish realistic and achievable targets.

Question 2: Do you agree with the target Fund Reserve for Fund B?

- Answer: As with Fund A, a realistic and achievable target should be established. B1 proposal appears to achieve the original target of €24m while also delivering on the longer term goal of a €30m fund. However it may be more appropriate for members of Fund B to opine on their situation rather than having one imposed by Fund A members.

Question 3: Do you support the continued placement of Excess of Loss Insurance for Fund A?

- Answer: Yes. Based on the recent developments this represents value for money.

Question 4: Do you support the continued placement of Excess of Loss Insurance for Fund B?

- Answer: Yes.

Question 5: Do you support the current borrowing requirements?

- Answer: Yes

Question 6: Do you have any observations on the proposals to amend the ICSD as outlined in paragraph 35?

- Answer: It would appear that a compensation level of €30k is inevitable with no assurance on a ceiling. This could have significant implications for member Firms in terms of increased premiums in difficult economic times. An additional downside may be that our insurance premiums may increase as we hit the threshold more quickly.

Question 7: Do you support the implementation of E invoicing?



- Answer: Yes. Firms could establish generic e mail addresses for all correspondence, including invoicing, from ICCL.

Question 8: Besides the current payment methods, are there other methods that you believe merit consideration?

- Answer: Yes. Consideration could be given to offering a staged payment facility, over 4 quarters. This may result in a slighter higher premium for members due to funding costs for ICCL. Example premium of €25,000 could be paid over 4 quarters at a rate of €6.4k per quarter representing an interest charge of 2.4%.

Question 9: Do you believe the assumptions set out in paragraph 56 are reasonable?

- Answer: No. Based on the analysis of Firms in the 2009 consultation paper, it would appear that of the reduction of 39 Firms in the period, 34(87%) came from Band O with the remaining 5 (13%) coming from the remaining Bands. Assumptions in 2009 did not take account of a decrease in membership. Looking at the 2012 consultation paper it would appear that a 5% reduction (7 Firms) is optimistic and represents an 80% reduction on the number of Band O firms alone which actually left in the last 3 years. Consideration should be given to consolidation within the business in addition to exits.

Question 10: Do you support the implementation of Proposal A1 or A2?

- Answer: A1. Target of €25m fund achieved whereas the target under A2 is not achieved.

Question 11: Do you believe the assumptions set out in paragraph 65 are reasonable?

- Answer: While acknowledging that Fund B members are better placed to opine on this question, it would appear that a 5% reduction during the period combined with an additional 200 Firms unable to pay the fees, would equate to an overall 10% reduction in fee income which compares with a 20% reduction in the corresponding to 2012.

Question 12: Do you support the implementation of Proposal B1 or B2?

- Answer: B2.