

**And Re: ICCL Consultation Paper in relation to the funding of the Scheme**  
**October 2012**

Dear Mr. Treacy,

We are responding to the invitation for submissions to the ICCL's Consultation Paper in relation to the funding of the Scheme.

In broad terms, the IBA welcomes the review particularly in light of the losses experienced by the Compensation fund over the last two years. The claims for losses that have been incurred are on such a scale as to necessitate a fundamental review of the existing funding arrangements. At the outset we would like to compliment the Chairman, the Board and yourself for the clear and comprehensive manner in which it has set out the issues which confront the ICCL's future plans. We propose dealing with the issues in the same sequence as the questions appear in the consultation paper.

**Question 1;** The Irish Brokers Association agree that a Fund Reserve for Fund A of €30 million seems prudent given the history of claims against this fund however we would have concerns regarding the structure and quantum of the levies for different categories of contributors that a 3 year time frame is overly ambitious and that 5 years would be more achievable.

**Question 2 ;** IBA considers the target of €24 million more than adequate to cover any potential losses given the fact all claims that have been made against the fund to date have been negligible and have been more than adequately met from the funds reserves.

**Question 3+4;** IBA supports the placement of Excess Loss Insurance.

**Question 5;** IBA supports the current borrowing arrangements.

**Question 6;** IBA would be generally supportive of the Commission's proposal to increase the maximum compensation from €20,000 to €30,000.

**Question 7;** IBA supports the implementation of E-invoicing

**Question 8;** we believe current payment methods with the addition of E-invoicing are sufficient.

**Question 9;** IBA believes with the significant increase proposed in levies with regard to both the ICCL and Central Bank that the number of contributing firms will decrease by more than 5% year on year as assumed in the underlying projections.

**Question 10;** IBA is of the view that the risk to clients funds and consequently a potential claim on Fund A is dependent on more factors than the Firm's number of eligible clients. In particular a Firm's authorisation to handle client money and/or to provide the business service of portfolio management is particularly relevant. Firms that do not engage in either of these activities pose significantly reduced risks to a claim on the fund and the IBA is of the firm opinion that the structure of the funding contribution for Fund A for those firms should reflect the reduced risk; the IBA therefore does not support either proposal A1 or A2.

We believe that the proposed levies for such low risk firms may lead to a significant number of such firms considering revocation of their authorisations as MiFID firms thereby reducing consumer choice and access to products.

**Question 11;** We agree with the assumptions in paragraph 65.

**Question 12;** as stated in our response to question 2 above we are of the view that Fund B is currently adequately funded to meet any future claims and apart from an administration cost no levy should apply until the next funding cycle or a claim arises in the interim.

Rhona Burke President