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7 December 2012

Financial Controller
The Investor Compensation Company Limited
c/o Central Bank of Ireland
P.O. Box 11517
North Wall Quay
Spencer Dock
Dublin 1

Re: Consultation Paper - Funding the Investor Compensation Scheme

Dear Sir,

The Irish Association of Investment Managers is pleased to respond to this Consultation. In addition to the specific questions dealt with below we stress the importance of implementing the proposed legislative changes to introduce pre-determined client asset distribution rules. We also note that changes to the ICSD which may be possible in large markets could be unsustainable in an Irish context (see Q6. Below).

2 (iv) Paragraph 25

Q1. Do you agree with the target Fund Reserves for Fund A?

We agree, having regard to the factors mentioned in paragraph 24, with the proposed Fund A target.

Q2. Do you agree with the target Fund Reserves for Fund B?

We agree that the targets for Fund B are appropriate.

2 (v) Paragraph 31

Q3. Do you support the continued placement of Excess of Loss Insurance for Fund A?

We support the continuation of Excess of Loss Insurance for Fund A.

Q4. Do you support the continued placement of Excess of Loss Insurance for Fund B?

We support the continuation of Excess of Loss Insurance for Fund B.



2 (vi) Paragraph 34

Q5. Do you support the current borrowing arrangements?

We support the current borrowing arrangements.

2 (vii) Paragraph 36

Q6. Do you have any observations on the proposals to amend the ICSD as outlined above?

Having regard to the size of the Irish market and the small number of Fund A firms we believe that

- Increases in compensation levels above the current €30,000 'compromise' proposal or
- Including mis-selling or similar provisions

could require contribution levels to a pre-funded compensation scheme beyond the commercial capacity of firms.

2 (viii) Paragraph 37

Q7. Do you support the implementation of E-invoicing?

We support E-invoicing.

Q8. Besides the current payment methods, are there other methods that you believe merit consideration?

None.

3 (iii) Paragraph 56

Q9. Do you believe the assumptions set out in paragraph 56 are reasonable? – Please state your reasons.

We believe the assumptions are appropriate.

Q10. Do you support the implementation of Proposal A1 or A2?

IAIM members support proposal A1 particularly in light of the possible need to review the funding approach after finalisation of the new ICSD.

3 (iv) Paragraph 65

Q11. Do you believe the assumptions set out in paragraph 65 are reasonable? - Please state your reasons.

We believe these assumptions are reasonable.

Q12. Do you support the implementation of Proposal B1 or B2?

We defer to the views of Fund B respondents on this question.

Frank O'Dwyer
Chief Executive