The Investor Compensation Company DAC

Consultation Paper

Funding the Investor Compensation Scheme

Responses are invited by 14 December 2018

Issue date 30 October 2018

List of abbreviations used in this paper

ICCL	Investor Compensation Company DAC
The Scheme / ICS	Investor Compensation Scheme
The Bank	Central Bank of Ireland
CHC	Custom House Capital Limited (in liquidation)
AMT	Asset Management Trust Limited
The Board	The Board of the ICCL
The Act	Investor Compensation Act, 1998 (as amended)
The Directive / ICSD	Investor Compensation Scheme Directive 97/9/EC
EU	European Union
EU ICS	EU National Investor Compensation Scheme
SEPA	Single Euro Payments Area
MiFID	Markets in Financial Instruments Directive
AIF	Alternative Investment Funds
UCITS	Undertakings for Collective Investments in Transferable Securities
CAR	Client Asset Regulations
CACS	Chartered Accountants' Compensation Scheme
CAI	Chartered Accountant's Ireland

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1 Objective

1 The aim of this consultation is to elicit views on the overall approach to funding the Investor Compensation Scheme ('the Scheme' or 'ICS') for the next three year period (August 2019 to July 2022), as proposed by The Investor Compensation Company DAC ('ICCL'). The paper outlines and seeks views on a range of matters pertinent to the effective funding of the ICS.

This paper is of relevance to credit institutions, MiFID investment firms, some UCITS and AIFM firms[1], investment intermediaries, insurance intermediaries and investment firms subject to the Approved Professional Bodies regime.

2 Introduction

2 The ICCL's total funding requirement for investor compensation matters is determined on a triennial basis, unless exceptional circumstances arise. Section 22 of the Investor Compensation Act, 1998, as amended ('the Act'), provides that the ICCL should endeavour to ensure that it has adequate reserves, on an ex-ante basis, to meet any reasonably foreseeable obligations that may arise under the Act.

3 In advance of issuing this Funding Consultation document, the ICCL has consulted with the Central Bank of Ireland (the 'Bank'), as the Competent Authority in Ireland for the Investor Compensation Directive (97/9/EC) ('the Directive' or 'ICSD').

4 The Board of the ICCL ('the Board') seeks to ensure that its cascade model is sufficiently resilient to meet reasonably foreseeable claims events through the use of various funding layers of the model with associated capacity targets and timelines.

[1] UCITS and AIFM's authorised to provide individual portfolio management (IPM)

5 The ICCL published its most recent Funding Arrangements Document in April 2016. Arising from that funding process, the ICCL is pleased to note that the targets set for the growth of the ICCL's reserves for the period August 2016 to July 2018 have been achieved. [See tables 3 and 4 on pages 13 and 14]

6 This present consultation process arises following a period during which the ICCL has handled failures of investment firms at a higher frequency than forecast. However, with the exception of Custom House Capital Limited (in liquidation) ("CHC"), the compensation payable, in relation to each failure since 2011, has been within a range that has not materially impacted the reserves of the ICCL.

7 In advance of preparing proposals for the future funding of the Scheme, the ICCL has considered the impact on firms of the current economic and regulatory climate.

8 This paper provides an opportunity for participants in the Scheme to make any considered comments and observations that might be of assistance to the Board in determining what, if any, changes should be made to the manner in which the Scheme is funded, and specifically to the proposals put forward.

9 Further details pertaining to the format and timeframe for the making of submissions to this Funding Consultation are contained in sections 7 and 8.

3 Key issues affecting the funding of the ICCL Scheme

(I) BACKGROUND

10 The EU Investor Compensation Scheme Directive 97/9/EC ('ICSD') laid down certain basic requirements for investor compensation schemes in order to provide a harmonised minimum level of investor protection across the European Union ('EU').

11 It was left to each individual Member State to implement an appropriate scheme and to determine the most appropriate way of organising and financing such schemes within their own jurisdiction. Thus, while all current Member States have implemented the ICSD, the manner in which the ICSD has been interpreted and applied varies quite considerably across the EU.

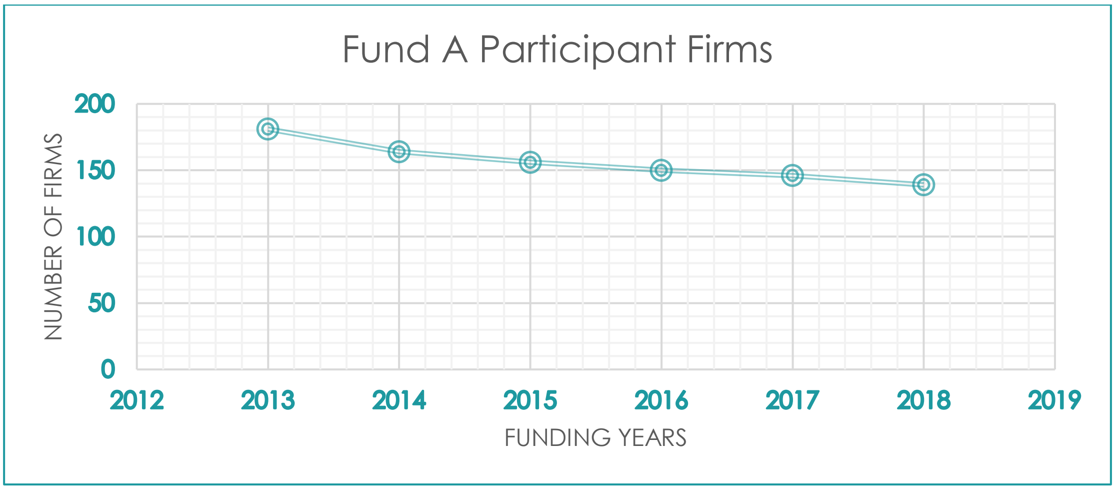
12 The ICSD, under which the Scheme was established, states that the cost of financing investor compensation must, as a matter of principle, be borne by investment firms. In transposing the ICSD, the Irish Government placed an obligation on the ICCL to establish and maintain a fund or funds out of which compensation payments shall be made to clients of failed investment firms, in accordance with the provisions set out in the Act, as expeditiously as possible.

13 The importance of an ex-ante funded Investor Compensation Scheme was highlighted most recently in 2011 when the failure of CHC, a medium sized Fund A firm, demonstrated how a significant proportion of reserves may be depleted. Furthermore, this case also emphasised the requirement for alternative funding options to enable the Scheme to swiftly access the funds required to meet the legislative requirements of the Compensation Scheme for future compensation cases.

14 The average cost of a claim for compensation has increased significantly since the Morrogh case in 2001 when average claim values were a relatively modest €3,000 per eligible client. It is anticipated that the CHC case from 2011 will result in a significantly higher average compensation claim payment of circa €10,000 per eligible client.

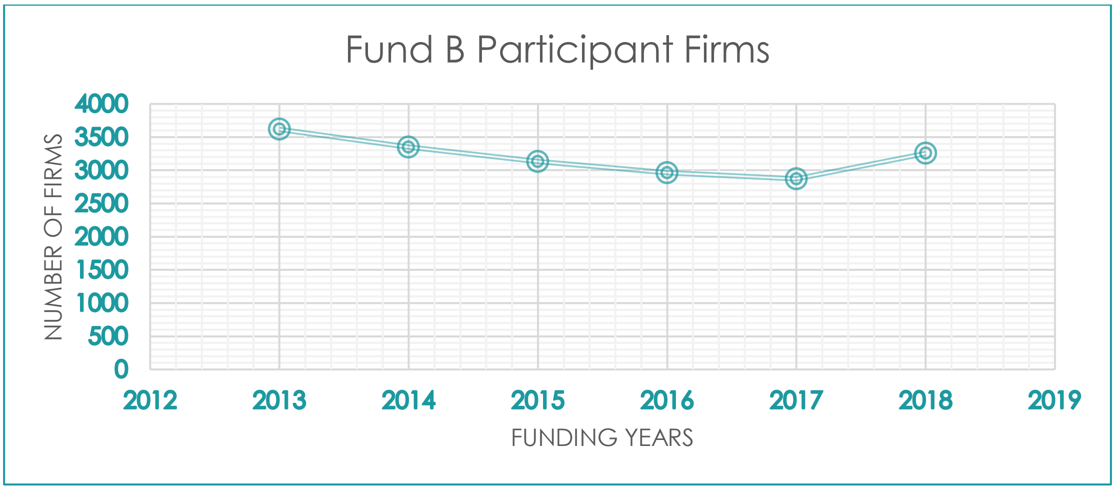
15 The numbers of participant firms in both Fund A and Fund B have decreased significantly over the past number of funding years. Fund A has experienced an average annual decrease in authorised investments firms of 5% per annum since 2013. The significance of the decrease in numbers of participant firms poses a challenge to the longer term funding of Fund A reserves.

CHART 1 – NUMBER OF FUND A PARTICIPANT FIRMS 2013 TO 2018 INCLUSIVE



16 Meanwhile Fund B had seen a slightly greater average annual decrease in the number of authorised intermediaries, decreasing at 6% per annum since 2013. However, this level of decrease was interrupted in 2017/18 when member firms of the Chartered Accountant's Ireland ('CAI') joined the ICCL operated scheme, having previously participated in the Chartered Accountant's Compensation Scheme ('CACS'). There are currently 450 CAI member firms, authorised to provide investment services, participating in the ICCL Scheme.

CHART 2 – NUMBER OF FUND B PARTICIPANT FIRMS 2013 TO 2018 INCLUSIVE



17 With the exception of the growth in reserves of the ICCL through the accumulation of levies, there have been two significant changes to the cascade model since July 2015:

- With effect from 1 July 2015, the capacity of the ICCL cascade model was significantly enhanced with the addition of a secondary €50mn Excess of Loss Insurance policy for Fund A only. This secondary policy was placed over the existing €60 million primary Excess of Loss Insurance policy (€50mn for Fund A and €10mn for Fund B) which was first arranged in October 2010. This successful placement brought the combined Fund A insurance cover to €100mn while Fund B remained at €10mn, each over an excess of €15mn.

- In June 2017, the ICCL's 10 year €50mn external borrowing facility with a former commercial bank expired. The ICCL engaged with both local and international lenders with a view to securing a revised arrangement on acceptable terms. It became clear during the review of the borrowing arrangement that most lenders were not prepared to advance a facility in the absence of an explicit State Guarantee for any borrowings of the Scheme. A limited number of proposals were negotiated with counterparties, however, the terms were not economically acceptable to the Board.

18 The ICCL's Excess of Loss Insurance policy is a "specie" insurance policy and the Board is conscious that successfully negotiating and renewing the policy requires a significant undertaking by ICCL and our broker on an annual basis.

19 The ICCL is mindful that a substantial proportion of the Fund A cascade capacity is delivered from the Excess of Loss Insurance policy. During the 2016 funding consultation, the Board indicated that the degree of reliance on the insurance policy should be addressed through future funding proposals. (Paragraphs 30 to 33 provide further detail on measures being adopted to address the ratio of insurance to other types of funding.)

(II) CASCADE MODEL

20 ICCL operates a cascade model as the framework for funding the Scheme in the event of a default situation. The cascade represents the funding options available to the ICCL, depending on the seriousness of the failure, to access funds for the purpose of making compensation payments. This approach is supported by the finding in the EU Commission's study that the availability of multiple sources of funding, even if never activated, enhances the viability of the schemes.

The ICCL cascade model currently consists of the following capital and other funding elements (not necessarily in the order presented below):

Ex-ante levies [Reserves]

Ex-post levies [Top-up Levies]

Excess of Loss Insurance policy

Inter-fund borrowing

21 In addition to each of the elements, there are three important features to the cascade model:

- Capacity of the overall model;
- Mix of each element of the model;
- Timeframe for capacity of each element to be achieved.

22 The Board deployed the cascade model in the following manner in respect of the failure of CHC:

- €15 million will be paid directly from the ex-ante levies of Fund A;
- The potential additional €4.7 million to be met from the Excess of Loss Insurance policy.

23 Cascade capacity has been determined separately for Fund A and Fund B in view of the differences between the Funds in respect of size, nature of participant firms, investment services offered and claims history. (*Further details are available in paragraphs 28 and 34*.)

24 Cascade mix has been considered on the expectation that the Excess of Loss Insurance policy continues to be placed on acceptable terms of excess, coverage and renewal premium. A significant change to any of the above terms may lead the Board to reconsider the mix, and/or capacity target, and/or timeframe for achievement of the cascade targets for Fund A and/or Fund B.

(III) RESERVES AS AT 31 JULY 2018

25 Tables 1 & 2 below set out the fund reserves of Fund A and Fund B over the life of the Scheme[2 / 3].

TABLE 1 - FUND A RESERVES FOR THE FUNDING YEARS ENDED 31 JULY 1999 TO 2018 INCLUSIVE

Year	Levies / Interest Income	Top Up	Compensation & Related Costs	Administration Expenses	Fund Reserve (at end of period)
1999 – 2001	€3,459,023	Nil	(€1,190,293)	(€415,119)	€1,853,611
2002 - 2004	€5,722,341	€5,070,178	(€11,544,239)	(€717,093)	€384,798
2005 – 2007	€7,137,152	(€144,948)	€1,881,424	(€984,639)	€8,273,787
2008 - 2010	€10,724,373	Nil	€379,686	(€1,299,767)	€18,078,079
2011 – 2013	€13,466,021	Nil	(€17,764,525)	(€2,469,751)	€11,309,824
2014 – 2016	€13,671,144	Nil	€2,623,120	(€2,770,948)	€24,833,140
2017	€4,942,469	Nil	(€51,499)	(€1,116,413)	€28,607,697
2018	€4,533,577	Nil	(€69,125)	(€1,015,155)	€32,056,994

[2] Figures have been converted to Euro where appropriate.

[3] Figures for 2018 have been extracted from the draft Financial Statements for the year ended 31 July 2018.

TABLE 2 - FUND B RESERVES FOR THE FUNDING YEARS ENDED 31 JULY 1999 TO 2018 INCLUSIVE

Year	Levies / Interest Income	Top Up	Compensation & Related Costs	Administration Expenses	Fund Reserve (at end of period)
1999 – 2001	€3,494,481	Nil	(€40,289)	(€1,073,756)	€2,380,436
2002 – 2004	€5,579,350	Nil	Nil	(€967,126)	€6,992,660
2005 – 2007	€5,435,045	Nil	Nil	(€1,290,994)	€11,136,711
2008 – 2010	€7,170,115	Nil	Nil	(€1,957,332)	€16,349,494
2011 – 2013	€5,604,282	Nil	€9,996	(€1,636,231)	€20,327,541
2014 – 2016	€4,548,496	Nil	(€199,730)	(€1,533,992)	€23,142,315
2017	€1,454,061	Nil	€106,510	(€543,277)	€24,159,609
2018	€1,563,380	Nil	€61,345	(€530,423)	€25,253,911

26 The ICCL has sought to steadily build the reserves of the Scheme and the Board acknowledges the support given by participant firms as the Scheme builds towards those target funding levels identified in the 2016 Funding Arrangements.

TABLE 3 - FUND A COMPARISON OF TARGET FUND RESERVES AGAINST ACTUAL/FORECAST RESERVES FOR FUNDING YEARS 31 JULY 2016 TO 2019 INCLUSIVE

Year	Target Reserve	Fund Reserve at end of year	Cumulative Difference	Significant Item(s)
2016 – Actual	€24,726,000	€24,833,140	€107,140	Lower operating costs than forecast.
2017 - Actual	€28,118,000	€28,607,697	€489,697	Higher income than forecast due to the receipt of outstanding prior year levies from two firms.
2018 – Actual	€31,435,000	€32,056,994	€621,994	Lower operating costs due to reduced insurance costs
2019 – Forecast	€34,623,000	€35,367,784	€744,784	Lower operating costs due to reduced insurance costs.

TABLE 4 - FUND B COMPARISON OF TARGET FUND RESERVES AGAINST ACTUAL/FORECAST RESERVES FOR FUNDING YEARS 31 JULY 2016 TO 2019 INCLUSIVE

Year	Target Reserve	Fund Reserve at end of year	Cumulative Difference	Significant Item(s)
2016 – Actual	€23,278,000	€23,142,315	(€135,685)	Creation of provision for cost of AMT[4] claims.
2017 – Actual	€24,008,000	€24,159,609	€151,609	Partial release of AMT claims provision arising from excluded claims.
2018 – Actual	€24,740,000	€25,253,911	€513,911	Levy income from addition of Chartered Accountants Ireland members to ICCL; release of remaining AMT claims provision; lower decrease in Fund B participants than forecast.
2019 – Forecast	€24,787,000	€25,366,630	€579,630	Additional levy income from addition of Chartered Accountants Ireland members to ICCL; lower decrease in Fund B participants than forecast.

(IV) CASCADE CAPACITY & MIX

FUND A

27 The Board considers that the appropriate measure of cascade capacity for Fund A should continue to be derived from a past proposal in the ICSD to amend the funding criteria for each EU National Investor Compensation Scheme ('EU ICS'). The core considerations are:

- the cost of financing is borne by participant firms;
- the EU ICS should be adequately financed,
- financing should be proportionate to potential liabilities;
- the target fund should be set, at least at, 0.5% of the value of all monies and financial instruments held, administered or managed by participant firms.

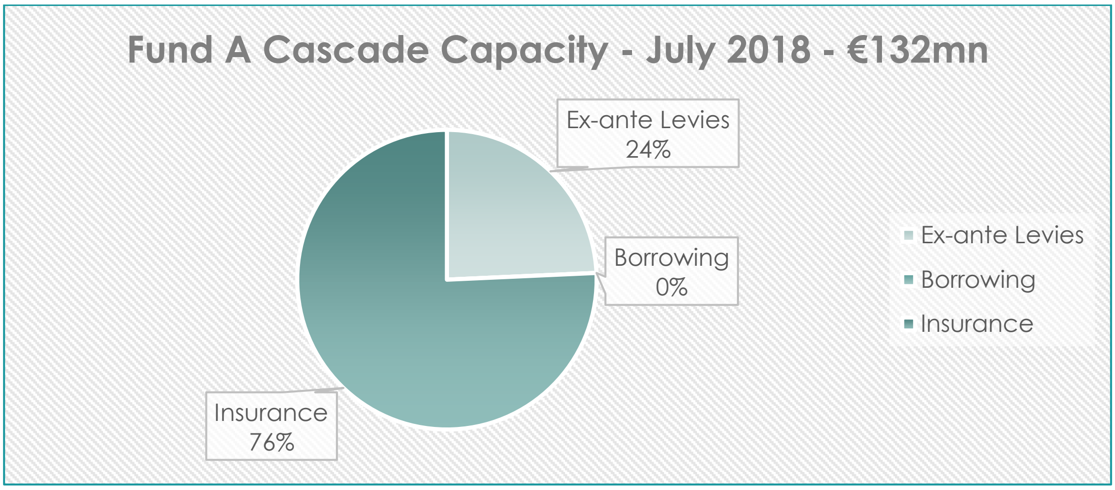
28 The Board has determined that the application of the ICSD criteria would require Fund A to have financing of the order of €150mn in place. This is based on the current value of monies and investment instruments held on behalf of retail investors by Fund A firms. Furthermore, the target allows for annual growth in the value of money/assets held over each of the next 6 funding years.

[4] Asset Management Trust Limited – a Fund B failure case that commenced in 2016

29 As at 31 July 2018, the current capacity of the cascade model for Fund A was €132mn (refer to chart 3 below). The collection of ex-ante levies is expected to contribute to the growth of reserves to €35mn during the funding year ending 31 July 2019 (refer to chart 4 on page 16).

The current mix and capacity of Fund A, in addition to forecasted positions, are detailed in the charts 3 to 5 and outlined in paragraphs 30 to 33.

CHART 3 – FUND A CASCADE CAPACITY AT 31 JULY 2018

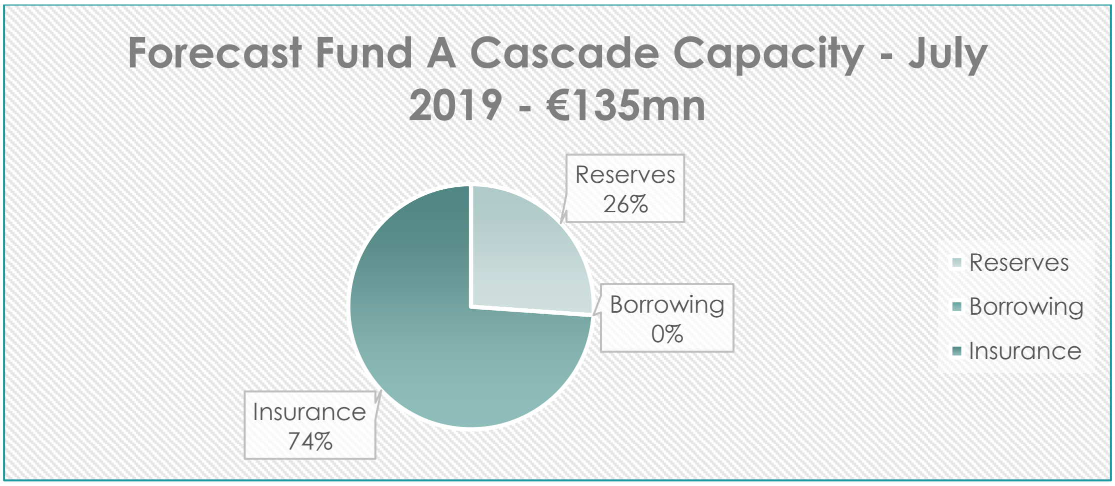


30 The Board believes that the current cascade capacity of Fund A requires further re-calibration in terms of mix to ensure that the current degree of reliance on alternative funding methods is appropriately mitigated. In previous consultation cycles, participants expressed a preference for non-recourse sources of alternative funding to be utilised. While the Board does not wish to place an over reliance on any one component, the Board will continue to seek to utilise tools such as Excess of Loss Insurance where value and balance can be achieved.

31 The Board proposes that the target cascade capacity of €150mn should be achieved by 2024 through a mix of ex-ante levies and insurance. The current costs of implementing and maintaining a stand-by borrowing facility are not commercially favourable. However, the Board is minded to monitor the status of the market frequently, and may choose to re-instate a reasonable level of capacity through a stand-by borrowing facility in circumstances were commercially acceptable terms become available.

The forecast mix and capacity of Fund A at July 2019 is detailed in chart 4 below.

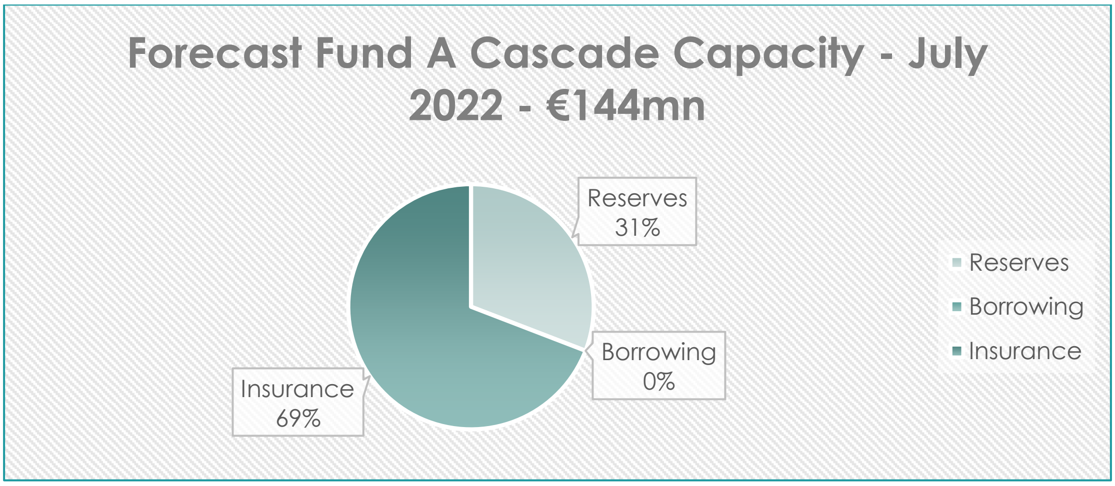
CHART 4 – FORECAST FUND A CASCADE CAPACITY AT 31 JULY 2019



32 Important considerations when determining the mix for the cascade, in particular the percentage of the cascade capacity which should be provided by way of ex-ante levies, are the strength of the regulatory environment, the number of active participants in the Scheme and the ability of participant firms to fund the Scheme's reserves.

33 The Board has considered these factors and believes that during the next 3 year funding cycle, subject to the implementation of the either of the proposals set out in paragraph 60, the reserves of Fund A should grow to circa €44mn by July 2022. This would deliver an anticipated cascade capacity of €144mn, with the medium term cascade capacity target of €150mn achievable by July 2024.

CHART 5 – FORECAST FUND A CASCADE CAPACITY AT 31 JULY 2022



FUND B

34 The Board, after careful consideration, has determined that the previously identified target Fund Reserve of €35mn for Fund B should be retained, subject to €10mn (circa 30%) of the target being provided by way of excess of loss insurance cover. The majority of the cascade capacity for Fund B (circa 70%) will continue to be provided by way of ex-ante levy reserves. The maintenance of the €35mn target, has been determined having due regard to various factors including previous claims experience.

35 In view of the cascade capacity target of €35mn for Fund B, and in particular the achievement of ex-ante reserves of €25mn during the funding year ended 31 July 2018, no further building of the ex-ante levy reserves is required at this time. On this basis, the Board is proposing to retain the current levy rates at the same level as those pertaining to the funding year ending 31 July 2019 (which incorporated a reduction of approximately 50% on the year ended 31 July 2018 rates). It is envisaged that these levy rates will cover the administrative costs of operating Fund B.

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

Q2. Do you agree with the target cascade mix for Fund A?

Q3. Do you agree with the target cascade capacity for Fund B?

Q4. Do you agree with the target cascade mix for Fund B?

(V) EXCESS OF LOSS INSURANCE POLICY

36 In October 2010, the Board announced that it had arranged an Excess of Loss Insurance policy underwritten by Lloyd's of London to provide a further level of cover in cases where the costs of compensation exceeded €15mn in a policy year.

37 Successfully negotiating and renewing the policy requires a significant undertaking from both the ICCL and a specialist Lloyd's broker. The ICCL, as part of the renewal process, is required, on an annual basis, to compile extensive data covering participant firms and claims events from the inception of the Scheme in 1998.

38 The Excess of Loss Insurance policy, which was first placed in October 2010, has been renewed annually. On 1 July 2015, the Board confirmed that cover for Fund A had been increased from €50mn above the €15mn excess, to €100mn through the introduction of a second €50mn policy. The Board considers that this is a significant achievement towards ensuring the Scheme is adequately funded to meet potential liabilities for claims that may arise in significant cases in the future. The Fund B indemnity level continues to be renewed at €10mn above the €15mn excess.

39 The Board believes that it would be appropriate during the course of the next 3 yearly funding cycle, given the claims history of Fund B to date, to seek to negotiate a reduction to the level of excess for the Fund B element of the primary policy only. Naturally, achieving a reduced excess would require the support of the Lead underwriters, in addition to the following market at Lloyd's.

Q5. Do you support the continued placement of Excess of Loss Insurance for Fund A at the current level of €100 million above an excess of €15 million?

Q6. Do you support the continued placement of Excess of Loss Insurance for Fund B at the current level of €10 million above an excess of €15 million?

(VI) BORROWING

Inter-fund Borrowing

40 The current inter-fund borrowing arrangements limit the quantum of inter-fund borrowing to one-third of the available fund, while the funds borrowed should be repaid within a maximum period of three years. No margin rates apply to inter-fund borrowing.

Current criteria

- no margin rates should apply (i.e. the return to the lending fund should be revenue neutral);
- the amount available for borrowing should be a maximum of one third of the funds held in the Fund; and
- the maximum repayment timeframe should be three years.

In circumstances where the ICCL considers it necessary to make use of the inter-fund borrowing facility, the Board believes that some further flexibility in terms of quantum of borrowing and repayment timeframe would be appropriate. However, the Board is satisfied that no change is necessary with regard to the charging of interest.

The following inter-fund borrowing criteria are proposed:

- no margin rates should apply (i.e. the return to the lending fund should be revenue neutral);
- the amount available for borrowing should not materially affect the ability of the lending fund to meet its obligations; and
- the proposed repayment timeframe should be three years.

Q7. Do you support the proposed changes to the Inter-fund borrowing arrangements?

External Borrowing

41 There are acknowledged difficulties for the ICCL in gaining access to 'other borrowing facilities'. These difficulties can be summarised as follows:

External Borrowing

i) Under current legislation, the ICCL is permitted to borrow[5] from commercial lending institutions. Such borrowing would be required in extreme circumstances where compensation payments could not be met through a combination of ex-ante levies, ex-post levies, the Excess of Loss insurance policy and/or inter-fund borrowing.

ii) In 2007, the ICCL entered into a 10 year, €50mn standby credit facility on favourable terms. In advance of the expiry of that facility in 2017, the ICCL undertook an examination of external borrowing options. The Board determined that the cost of the options available to the ICCL were excessive.

State Guarantees for ICCL borrowing

i) The Investor Compensation Act, 1998 (as amended), which governs the conduct of the ICCL, does not provide for a statutory State guarantee in relation to any borrowing of the ICCL. Past discussions with the Department of Finance confirmed that there is no intention to review the legislation in this regard.

ii) The ICCL will continue to advocate the need for State or other guarantees for borrowing to enable the ICCL to manage the potentially unlimited liability of firms to fund the Scheme.

42 The ICCL remains committed to finding workable solutions to issues relating to establishing borrowing facilities which would allow the Scheme to manage the unlimited liability of the ICCL's participants in extreme circumstances. It is considered desirable that some element of external borrowing should continue to form part of the cascade model. The Board will examine borrowing options during the course of the next 3 year funding cycle, and, subject to satisfactory terms being available, may re-instate a level of borrowing into the cascade model.

Q8. Are there alternative sources of standby funding that are likely to be commercially viable and suitable to support the funding objectives of the ICCL which you believe should be explored?

[5] Subject to the approval of the Bank in accordance with S.13(1) of the Act.

(VII) FURTHER EFFICIENCIES TO THE GENERAL OPERATION OF FUNDING

43 The ICCL considers that, based on our experience to date, pro-rata invoicing for new entrant firms and firms exiting, which requires that participant firms pay their annual levy based upon the number of months for which they are authorised within the funding year, should remain in place for the forthcoming funding cycle.

However, it is proposed that, in respect of pro-rata refunds for individual participant firms exiting the Scheme, refunds will only be payable by electronic transfer.

44 Occasionally, businesses which are authorised investment firms for the purposes of the ICCL, commit to merger or acquisition transactions during a funding year. This often results in the transfer of a book of business/clients from one firm to another. With regard to mergers and acquisitions that involve Fund A firms, the pro-rata refund policy will not apply with effect from 1 August 2019.

45 The ICCL continues to operate a general refund policy which is outlined in more detail on our website, www.investorcompenastion.ie. The ICCL will regularly review the appropriateness of the policy and make necessary amendments as deemed appropriate by the Board.

Q9. Are there any matters that you believe should be incorporated into the pro-rata refund policy, in particular concerning mergers and acquisitions?

(VIII) REGULATORY AND ECONOMIC ENVIRONMENT

46 The ICCL supports the continuing application and any further strengthening (as deemed appropriate) of the Bank's Client Assets Regulations for regulated investment firms. The ICCL views these regulations as a critical component of the overall regulatory environment around client money and assets.

47 The Board strongly supports the return of client assets and investor money in a timely manner following the appointment of an Insolvency Practitioner or other administrator to a failed investment firm. Establishing the financial losses suffered by investors through a liquidation process has frequently taken a protracted period of time. The ICCL would welcome arrangements which enable and steer timelier certifications of investor losses in such cases, thereby facilitating the more timely payment of compensation by the ICCL.

48 In this regard, the ICCL has strongly advocated for the Bank and the Department of Finance to consider proposals which may improve the outcomes for eligible investors of failed investment firms.

49 The ICCL's funding approach aims to bring a degree of certainty to the industry in terms of the level of contribution participant firms are likely to be required to provide on an on-going basis. In order to provide such certainty, the Company must make assumptions, including, determining the net change in the number of participant firms, and, changes in eligible client numbers at participant firms.

Brexit presents a number of challenges for industry participants as well as for the Board. The uncertainty of Brexit negotiations at this time introduces a greater degree of risk to the assumptions and forecasts made when compared with past funding cycles. For the purposes of this consultation process, it has been determined that the level of change in terms of new entrants, and associated numbers of *eligible clients* and related exposures will not be material. However, it may be necessary, dependent on the outcome of Brexit negotiations, to revisit elements of this consultation.

4 Proposed Fund Reserve levels (effective 1 August 2019)

Introduction

50 The Board of the ICCL believes that the current structure of the Scheme, divided into Fund A and Fund B, based on the authorised status and investment business services provided by participants, delivers an appropriate level of segmentation between participants and that any further sub-division would not be in the best interests of the Scheme as a whole.

Categorisation of Participant Firms

51 At present there are 138 firms in Fund A, which is comprised of Section 10 firms (12), MIFID investment firms (83), Licensed Banks (24), AIF Managers (10), UCITS Managers (7), Accountancy Firms (1) and 3rd Country Branches of Licensed Banks (1). Some 99 of the total number of Fund A firms currently have no eligible clients and, therefore, pay a basic annual levy towards the ICCL administrative costs. As a result, the main obligation for financing Fund A falls on the remaining 39 Fund A participants.

52 Fund B currently comprises some 3,254 participants which are categorised based on the Bank's authorisation framework. These include Insurance Intermediaries (681), Tied Insurance Intermediaries (360), Investment Intermediaries (1,536), and members of Accountancy Bodies (677) of which Chartered Accountants Ireland – 450; Association of Chartered Certified Accountants 95; Certified Public Accountants 132.

5 Fund A - Funding criteria and proposals

(i) Basis for levying

53 The ICCL collects data from participant firms in relation to eligible investors and the value of their investments that may be subject to coverage. At this time, the purpose of collecting this data is to better inform the Board of the potential exposures of the Scheme and not for use as a basis for levy calculations. The Board is not proposing to change the basis of assessment to a risk or exposure derived basis at this time. At present, the Board considers that the collection and analysis of such data from participant firms will support the cascade capacity setting process and the verification of self-assessed returns.

54 The Board of the ICCL continues to believe that the most practical basis of allocating levies for Fund A firms is the use of eligible client numbers coupled with an authorisation to hold client assets. In respect of Fund A firms which have self-assessed themselves as having zero eligible clients, a basic levy and special ex-post levy rules[6] will continue to apply. Therefore, no amendment to the basis for calculating individual firm levies is envisaged. Table 5 below sets out the existing band structure and rates for Fund A participants.

TABLE 5 - FUND A: EXISTING LEVY BAND AND RATE STRUCTURES FOR THE FUNDING YEAR COMMENCED 1 AUGUST 2018

Band	Number of eligible clients	Existing Rates August 2016 to July 2019 Not subject to "CAR"	Existing Rates August 2016 to July 2019 Subject to "CAR"
0	Zero	€5,400	€5,400
A	1 – 9	€18,670	€20,540
B	10 – 499	€29,840	€32,820
C	500 – 2,499	€60,890	€66,980
D	2,500 – 4,999	€127,820	€140,600
E	5,000 – 24,999	€203,680	€224,050
F	25,000 – 49,999	€213,410	€234,750
G	Over 50,000	€341,190	€375,310

[6] For details refer to page 18 of the Funding Arrangements (April 2016) available on www. investorcompensation.ie

(ii) Band structure

55 The eligible client ranges, which determine the levy rates applicable to Fund A firms have proved efficient and enabled the ICCL to build reserves over a prolonged period. However, the Board is conscious that a threshold effect arises whereby a movement between certain bands can give rise to a substantial increase or decrease in the levy payable by an individual firm. In the circumstances, the Board is seeking feedback from participants about the proposal to introduce an alternative band structure (Proposal A2) (refer to paragraph 63), which continues to utilise the eligible client basis of assessment, and which could be introduced immediately for most bands with some phasing for the new proposed Bands 5 & 8 over the course of the current or future funding cycles.

(iii) Cap on levies

56 In light of the relatively small number of Fund A participants who are required to contribute the majority of the funding, the Board of the ICCL recognises the potential benefit (both from a financial planning and a cash flow point of view) of a cap on the maximum level of additional 'ex-post' funding to Fund A, that can be required in any one year. In this context, the ICCL policy would be to introduce a cap on the amount that may be raised in any one year, in the event of the need for an ex-post levy call on Fund A participants, which would be equal to twice the annual levy rate. However, the position of the Board remains unchanged from prior consultations. The Board considers that a cap could only be introduced if, for example:

- The Excess of Loss Insurance policy continues to be placed on acceptable terms with adequate reserves in place to meet initial claims;
- A watertight, last resort borrowing arrangement is in place that would guarantee the ability of the Scheme to make its statutory compensation payments on time.

(iv) Funding Reserve level

57 The Board acknowledges the support of Fund A participants in rebuilding Fund A reserves following the failure of CHC, a Band C firm, in October 2011. The Board considers that, in order to achieve the cascade capacity of €150mn, it is necessary in the medium term to maintain a sizeable level of other funding in the form of insurance, while the ex-ante levies build gradually to re-balance the mix of cascade capacity.

Having regard to the Excess of Loss Insurance policy coverage of €100mn, the Board considers that the funding target as set out in paragraph 28 is reasonable and achievable by 31 July 2024, representing 5 funding years from 1 August 2019.

58 Notwithstanding the ICCL's established policy of consulting on levy rates over a 3-year cycle, the Board will carry out an interim review should the need arise. Circumstances that could arise and which could lead to such a review include:

- a further significant failure(s);
- the withdrawal of excess of loss insurance cover;
- any increase in the €20k compensation limit;
- significant changes to the structure of the market; and/or,
- significant legislative changes particularly arising from changes at EU level.

59 The proposed levy rates for the 3-year funding cycle commencing 1 August 2019, seek to strike a balance between the requirement to have funds available to pay claims and the financial capacity of most firms funding the Scheme.

60 Tables 6 through 13 below set out each of the ICCL's Fund A proposals for consideration.

Proposal A:1 targets an ex-ante levy reserve of circa €44mn by end July 2022 without any change to the underlying basis of assessment, band structure, or levy rates.

Proposal A:2 also targets an ex-ante levy reserve of circa €44mn by end July 2022. However, this alternative proposal is grounded on the rationale of continually seeking to improve transparency and fairness within the band structures as the environment and participant firms' change over time. The proposal seeks to minimise, over the course of the three year funding cycle, the threshold effect that currently exists across a number of bands in the existing structure (Proposal A:1). At the end of the three year funding cycle, Proposal A:2 seeks to have fully introduced revised bands with €40,000 increases per additional 10,000 clients from band 5 through to 10.

Assumptions

The assumptions underlying the projections for **proposals A:1 and A:2** are:

- No significant new failures arise;
- No material change to the existing CHC provision for compensation;
- Continuing ability to renew the excess of loss insurance on acceptable terms at a €100mn indemnity;
- No material reduction in the number of authorised firms is experienced annually beyond the withdrawal of the following number of firms:
    - 3 firms from Band Zero;
    - 2 firms across bands A to D;
    - No significant consolidations (e.g. firms at Band D and above)
- Operating costs allocated to Fund A to remain relatively consistent at circa €1.2mn per annum;
- The ICCL recognises the potential for interest rates to rise during the course of the 3 year funding cycle from the current low levels, however, the timing and quantum is uncertain. On this basis, interest income on reserves has not been included in projections;
- Bad debts are not experienced at a material level.

Q10. Do you believe the assumptions set out in paragraph 60 are reasonable? – Please state your reasons.

61 Proposal A:1 - €150mn Cascade Capacity – no changes to rates or bands.

- €150mn cascade capacity;
- Cascade mix – Insurance 67%; Ex-ante levies 33%; Borrowing facilities NIL%
- Cascade capacity and mix to be achieved by July 2024;
- Reserves forecast to reach circa €44mn by July 2022;
- Net annual addition to reserves of circa €3mn after operating costs;
- Levy rates to remain unchanged from year ending 31 July 2019.

TABLE 6 - FUND A: PROPOSED LEVY RATES FOR THE 3-YEAR FUNDING CYCLE COMMENCING 1 AUGUST 2019/2020/2021 (PROPOSAL A:1)

Band	Number of eligible clients	Proposed Rates August 2019 to July 2022 Not subject to "CAR"	Proposed Rates August 2019 to July 2022 Subject to "CAR"
0	Zero	€5,400	€5,400
A	1 – 9	€18,670	€20,540
B	10 – 499	€29,840	€32,820
C	500 – 2,499	€60,890	€66,980
D	2,500 – 4,999	€127,820	€140,600
E	5,000 – 24,999	€203,680	€224,050
F	25,000 – 49,999	€213,410	€234,750
G	Over 50,000	€341,190	€375,310

62 Table 7 below sets out the projected Fund Reserve levels for Fund A under proposal A:1.

TABLE 7 - FUND A: PROJECTED FUND RESERVE LEVELS UNDER FUNDING PROPOSAL A:1

Year	Levies	Interest Income	Fund Reserve
2018*	€4.512mn	€0.02mn	€32.056mn
2019	€4.473mn	€0.00mn	€35.368mn
2020	€4.280mn	€0.00mn	€38.485mn
2021	€4.229mn	€0.00mn	€41.552mn
2022	€4.178mn	€0.00mn	€44.567mn

*** reference made to actual year-end fund reserve**

63 Proposal A:2 - €150mn Cascade Capacity – changes to band structures

- €150mn cascade capacity – no difference to Proposal A:1;
- Cascade mix – Insurance 67%; Ex-ante levies 33%; Borrowing facilities NIL% – no difference to Proposal A:1;
- Cascade capacity and mix to be achieved by July 2024 – no difference to Proposal A:1;
- Reserves forecast to reach circa €44mn by July 2022 – similar to Proposal A:1;
- Net annual addition to reserves of circa €2.85mn after operating costs – circa €150k per annum less than forecast under Proposal A:1.

Main differences to Proposal A:1

It is proposed to introduce a number of new, and amend some of the existing band structures, seeking to smooth the threshold effect that currently arises when a firm moves between bands.

The threshold effect is particularly pronounced at present across the existing Bands C, D & F. The following changes are proposed *(Bands will have a numerical referencing instead of the current alphabetical referencing):*

- No change to Band 0 – firms with no eligible clients;
- Widening of Band 1 now 1-50 clients – previously Band A 1-9 clients;
- Extended entry point and expansion of Band 2 now 50-749 clients – previously Band B 10-499 clients;
- Extended entry point to Band 3 now 750-2,499 clients – previously Band C 500-2,499 clients;
- No change to Band 4 or Band 10 (previously Bands D & G);
- Introduction of four new bands 5, 6, 7 & 8 to replace old Bands E & F.

In addition to the proposed changes to the band structure as set out above and in table 8 below, new levy rates are also proposed.

An impact assessment has been undertaken for each individual firm using the latest available eligible client returns from firms. Arising from the impact assessment, the ICCL is proposing that the band and levy rate changes would be introduced with effect from 1 August 2019, however, phased levy rate changes are proposed for new bands 5 & 8 due to the impact for the firms anticipated to contribute in those bands.

Q11. Do you support the implementation of Proposal A:1 or Proposal A:2 in their current form? Please state your reasons.

TABLE 8 - FUND A: COMPARISON OF BANDS IN PROPOSAL A:2 AGAINST PROPOSAL A:1

Proposal A:2		Proposal A:1	
Band	**Number of eligible clients**	**Band**	**Number of eligible clients**
0	Zero	0	Zero
1	1 – 49	A	1 – 9
2	50 – 749	B	10 – 499
3	750 – 2,499	C	500 – 2,499
4	2,500 – 4,999	D	2,500 – 4,999
5	5,000 – 9,999		
6	10,000 – 19,999	E	5,000 – 24,999
7	20,000 – 29,999		
8	30,000 – 39,999	G	25,000 – 49,999
9	40,000 – 49,999		
10	Over 50,000	F	Over 50,000

TABLE 9 - FUND A: PROPOSED BAND AND LEVY RATE STRUCTURE FOR THE FUNDING YEAR <u>COMMENCING 1 AUGUST 2019</u> (PROPOSAL A:2)

Band	Number of eligible clients	August 2019 to July 2020 Not subject to "CAR"	August 2019 to July 2020 Subject to "CAR"
0	Zero	€5,400	€5,400
1	1 – 49	€20,000	€22,000
2	50 – 749	€30,000	€33,000
3	750 – 2,499	€60,000	€66,000
4	2,500 – 4,999	€100,000	€110,000
5	5,000 – 9,999	**€160,000**	€176,000
6	10,000 – 19,999	€180,000	€198,000
7	20,000 – 29,999	€220,000	€242,000
8	30,000 – 39,999	**€240,000**	€264,000
9	40,000 – 49,999	€300,000	€330,000
10	Over 50,000	€340,000	€374,000

TABLE 10 - FUND A: PROPOSED BAND AND LEVY RATE STRUCTURE FOR THE FUNDING YEAR COMMENCING 1 AUGUST 2020 (PROPOSAL A:2)

Band	Number of eligible clients	August 2020 to July 2021 Not subject to "CAR"	August 2020 to July 2021 Subject to "CAR"
0	Zero	€5,400	€5,400
1	1 – 49	€20,000	€22,000
2	50 – 749	€30,000	€33,000
3	750 – 2,499	€60,000	€66,000
4	2,500 – 4,999	€100,000	€110,000
5	5,000 – 9,999	**€150,000**	€165,000
6	10,000 – 19,999	€180,000	€198,000
7	20,000 – 29,999	€220,000	€242,000
8	30,000 – 39,999	**€250,000**	€275,000
9	40,000 – 49,999	€300,000	€330,000
10	Over 50,000	€340,000	€374,000

TABLE 11 - FUND A: PROPOSED BAND AND LEVY RATE STRUCTURE FOR THE FUNDING YEAR COMMENCING 1 AUGUST 2021 (PROPOSAL A:2)

Band	Number of eligible clients	August 2021 to July 2022 Not subject to "CAR"	August 2021 to July 2022 Subject to "CAR"
0	Zero	€5,400	€5,400
1	1 – 49	€20,000	€22,000
2	50 – 749	€30,000	€33,000
3	750 – 2,499	€60,000	€66,000
4	2,500 – 4,999	€100,000	€110,000
5	5,000 – 9,999	**€140,000**	€154,000
6	10,000 – 19,999	€180,000	€198,000
7	20,000 – 29,999	€220,000	€242,000
8	30,000 – 39,999	**€260,000**	€286,000
9	40,000 – 49,999	€300,000	€330,000
10	Over 50,000	€340,000	€374,000

64 Table 12 below sets out the projected Fund Reserve levels for Fund A under proposal A:2.

TABLE 12 - FUND A: PROJECTED FUND RESERVE LEVELS UNDER FUNDING PROPOSAL A:2

Year	Levies	Interest Income	Fund Reserve
2018*	€4.512mn	€0.02mn	€32.056mn
2019	€4.473mn	€0.00mn	€35.368mn
2020	€4.140mn	€0.00mn	€38.346mn
2021	€4.079mn	€0.00mn	€41.263mn
2022	€4.018mn	€0.00mn	€44.118mn

*** reference made to actual year-end fund reserve**

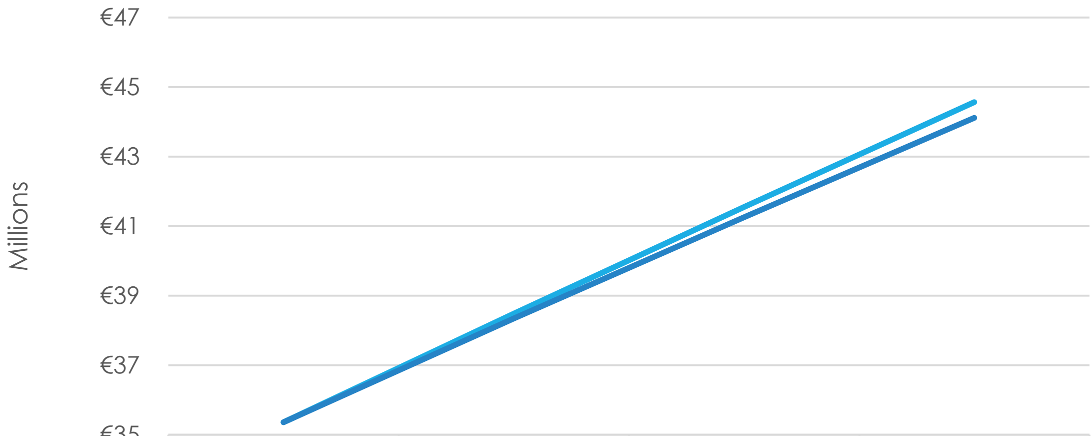
65 Table 13 below sets out a comparison of the levy rates for each band under proposal A:1 and A:2 as at 31 July 2022.

TABLE 13 - FUND A: COMPARISON OF LEVY RATES IN PROPOSAL A:2 AGAINST PROPOSAL A:1 FOR THE FUNDING YEAR 1 AUGUST 2021 TO 31 JULY 2022 (YEAR 3)

<table>
<tr><th colspan="2">Proposal A:2</th><th rowspan="2">Not subject to CAR</th><th rowspan="2">Subject to CAR</th><th colspan="2">Proposal A:1</th><th rowspan="2">Not subject to CAR</th><th rowspan="2">Subject to CAR</th></tr>
<tr><th>Band</th><th>No. of eligible clients</th><th>Band</th><th>No. of eligible clients</th></tr>
<tr><td>0</td><td>Zero</td><td>€5,400</td><td>€5,400</td><td>0</td><td>Zero</td><td>€5,400</td><td>€5,400</td></tr>
<tr><td>1</td><td>1 – 49</td><td>€20,000</td><td>€22,000</td><td>A</td><td>1 – 9</td><td>€18,670</td><td>€20,540</td></tr>
<tr><td>2</td><td>50 – 749</td><td>€30,000</td><td>€33,000</td><td>B</td><td>10 – 499</td><td>€29,840</td><td>€32,820</td></tr>
<tr><td>3</td><td>750 – 2,499</td><td>€60,000</td><td>€66,000</td><td>C</td><td>500 – 2,499</td><td>€60,890</td><td>€66,980</td></tr>
<tr><td>4</td><td>2,500 – 4,999</td><td>€100,000</td><td>€110,000</td><td>D</td><td>2,500 – 4,999</td><td>€127,820</td><td>€140,600</td></tr>
<tr><td>5</td><td>5,000 – 9,999</td><td>€140,000</td><td>€154,000</td><td rowspan="3">E</td><td rowspan="3">5,000 – 24,999</td><td rowspan="3">€203,680</td><td rowspan="3">€224,050</td></tr>
<tr><td>6</td><td>10,000 – 19,999</td><td>€180,000</td><td>€198,000</td></tr>
<tr><td rowspan="2">7</td><td rowspan="2">20,000 – 29,999</td><td rowspan="2">€220,000</td><td rowspan="2">€242,000</td></tr>
<tr><td rowspan="3">F</td><td rowspan="3">25,000 – 49,999</td><td rowspan="3">€213,410</td><td rowspan="3">€234,750</td></tr>
<tr><td>8</td><td>30,000 – 39,999</td><td>€260,000</td><td>€286,000</td></tr>
<tr><td>9</td><td>40,000 – 49,999</td><td>€300,000</td><td>€330,000</td></tr>
<tr><td>10</td><td>Over 50,000</td><td>€340,000</td><td>€374,000</td><td>G</td><td>Over 50,000</td><td>€341,190</td><td>€375,310</td></tr>
</table>

66 Graph 6 sets out a comparison of the projected Fund Reserve levels for Fund A under proposals A:1 and A:2 over the course of the 3 year funding cycle ending 31 July 2022.

GRAPH 6 - FUND A: COMPARISON OF PROJECTED FUND RESERVE LEVELS UNDER FUNDING PROPOSALS A:1 & A:2



	Year ending 31 July 2019	Year ending 31 July 2020	Year ending 31 July 2021	Year ending 31 July 2022
Proposal A:1	€35,368,000	€38,485,000	€41,552,000	€44,567,000
Proposal A:2	€35,368,000	€38,346,000	€41,263,000	€44,118,000

Proposal A:1 Proposal A:2

6 Fund B - Funding criteria and proposal

67 During the 2016 Funding Consultation process, the Board implemented a change to the established process of consulting on, and agreeing, Fund B levy rates over a 3-year cycle. With regard to Fund B, the Board extended the consultation to a 6-yearly cycle, with an interim review in year 3, in the absence of any material failure or other change to the cascade capacity.

Other circumstances that could arise which may necessitate a full consultation, rather than an interim review, include:

- a failure(s),
- the withdrawal of excess of loss insurance cover;
- significant changes to the structure of the market, and/or,
- significant legislative change.

68 With effect from 1 August 2018, the Board having considered the level of Fund B reserves, notified participant firms that for the first time since the inception of the scheme in 1998, the annual levy for Fund B firms would be set at a level that would meet operating costs only, with no material addition to the reserves. The net effect of this decision for Fund B participant firms has been a 50% reduction in the annual levy, commencing with the funding year 1 August 2018 to 31 July 2019.

69 At this time, the Board is satisfied that no circumstance has arisen which requires a full consultation to be undertaken. The Board is therefore undertaking an interim review of the continuing appropriateness of the Fund B arrangements.

(i) Basis for levying

70 The Board of the ICCL believes that the use of income (total income of a firm from authorised and regulated investment and insurance business) continues to be the most appropriate basis upon which annual levies are distributed among Fund B participants.

Therefore, no amendment to the levy basis is envisaged. Table 14 below sets out the existing level structure and rates for Fund B participants.

TABLE 14 - FUND B: EXISTING LEVY BAND AND RATE STRUCTURES FOR THE FUNDING YEAR COMMENCING 1 AUGUST 2018

Level	Existing income band structure	Total Rate
1	€0 - €150,000	€100
2	€150,001 - €400,000	€200
3	€400,001 – €700,000	€270
4	€700,001 - €1.5m	€500
5	€1,500,001 - €3m	€900
6	€3,000,001 - €6m	€1,600
7	€6,000,001 - €15m	€6,500
8	€15,000,001 - €25m	€10,500
9	> €25,000,000	€13,000

(ii) Band structure

71 As the current band structure has been broadly supported by participants, the ICCL considers that changes to the current band structure are not required.

(iii) Fund Reserve level

72 Fund B compensation experience is quite different from Fund A experience. The frequency and impact of compensation events to date has been significantly less. Therefore, after a prolonged period of ex-ante levies reserve building and the strengthening of the Fund B cascade model and mix, the ICCL Board, after careful consideration, believes that the €35mn target for the Fund B cascade model remains appropriate and should be retained.

73 The Board has determined that the target should continue to be comprised of ex-ante levies of €25mn and €10mn excess of loss insurance indemnity. It is therefore not considered necessary to continue building the underlying ex-ante levy reserves of Fund B as the target has already been achieved. The Board is proposing to keep levies at a rate which will at least maintain the Fund B cascade capacity at €35mn.

(iv) Rate structure

74 The ICCL has reviewed the rate structures seeking to ensure that they continue to provide an appropriate level of proportionality between bands and ensure that, for the majority of firms, any changes between the bands does not create an unreasonable burden for a firm.

75 On the basis that the Fund B target levels are already achieved, participant firms' levies will predominantly seek to recoup Fund B's share of the projected administrative costs of operating the Scheme. No changes are proposed to the current levy rates.

76 Table 15 on page 38 sets out the ICCL's proposal for consideration. The objective of proposal B:1 is to meet the administrative costs of operating Fund B while maintaining Fund Reserves of circa €25mn annually through July 2022. B:1 does not propose any change to the existing annual rates or income bands.

The assumptions underlying the above projections are:

- No significant new failures arise;
- Continuing ability to renew the excess of loss insurance on broadly the same terms at a €10mn indemnity;
- No material reduction in the number of authorised firms is experienced annually beyond the withdrawal of the following number of firms:
    - 80 Level 1 firms;
    - 20 Level 2 firms;
- Operating costs allocated to Fund B to remain relatively consistent at circa €0.7mn per annum;
- The ICCL recognises the potential for interest rates to rise during the course of the 3 year funding cycle from the current low levels, however, the timing and quantum is uncertain. On this basis, interest income on reserves has not been included in projections;

- Bad debts are not experienced at a level above €20k per annum.
- Participant firms that pay by direct debit or subscribe to e-invoicing will receive a levy reduction of 5% per annum, subject to a cap of €25;
- Participant firms that pay by direct debit and subscribe to e-invoicing will receive a levy reduction of 10% per annum, subject to a cap of €50.

Q12. Do you believe the assumptions set out in paragraph 76 are reasonable? – Please state your reasons.

PROPOSAL B:1

Proposal B:1 – Maintain fund reserves at, or above, €25mn on an on-going basis;
Funding principally to cover the administrative costs of operating the Fund;
Levy rates to remain unchanged from year ending 31 July 2019.

TABLE 15 - FUND B: PROPOSED LEVY RATES FOR THE 3-YEAR FUNDING CYCLE COMMENCING 1 AUGUST 2019/2020/2021 (PROPOSAL B:1)

Level	Existing income band structure	Existing Rate 01/08/2018	Proposed Rate 01/08/2019	Proposed Rate 01/08/2020	Proposed Rate 01/08/2021
1	€0 - €150,000	€100	€100	€100	€100
2	€150,001 - €400,000	€200	€200	€200	€200
3	€400,001 – €700,000	€270	€270	€270	€270
4	€700,001 - €1.5m	€500	€500	€500	€500
5	€1,500,001 - €3m	€900	€900	€900	€900
6	€3,000,001 - €6m	€1,600	€1,600	€1,600	€1,600
7	€6,000,001 - €15m	€6,500	€6,500	€6,500	€6,500
8	€15,000,001 - €25m	€10,500	€10,500	€10,500	€10,500
9	> €25,000,000	€13,000	€13,000	€13,000	€13,000

Q14. Do you support the implementation of Proposal B:1 in its current form?

77 Table 16 below sets out the projected Fund Reserve levels for Fund B under proposal B:1.

TABLE 16 - FUND B: PROJECTED FUND RESERVE LEVELS UNDER FUNDING PROPOSAL B:1

Year	Levies	Interest Income	Fund Reserve
2018*	€1.546mn	€0.02mn	€25.254mn
2019	€0.726mn	-	€25.366mn
2020	€0.716mn	-	€25.469mn
2021	€0.705mn	-	€25.560mn
2022	€0.694mn	-	€25.640mn

*** reference made to actual year-end fund reserve**

7 Submissions sought

78 The Board of the ICCL invites participants to consider the contents of this paper and to respond, to the issues and proposals set out, by ***14 December 2018*** at the latest. In responding, participants are requested to bear in mind the statutory responsibilities which are imposed upon the ICCL by the Investor Compensation Directive and the Investor Compensation Act. Accordingly, the Board of the ICCL will only be in a position to give serious consideration to suggestions and proposals that will not compromise its ability to operate a viable pre-funded Scheme in accordance with its statutory obligations.

79 Please make your submission in writing, if possible electronically as a word document or a pdf document by email, on or before ***14 December 2018***.

Submissions should be marked "Funding Consultation 2019-2022" and sent by email to info@investorcompensation.ie .

In the event that you are unable to send your response electronically, please forward it by post before 14 December 2018 to:

Funding Consultation Team

The Investor Compensation Company DAC

c/o: Central Bank of Ireland

P.O. Box 11517

Spencer Dock

North Wall Quay

Dublin 1

When addressing the questions raised in this Consultation Paper, please identify the question number you are referring to and clearly set out the basis for your views.

80 The ICCL intends to make all submissions received available on the ICCL website (www.investorcompensation.ie). Information deemed to be potentially libellous or defamatory will not be published. The ICCL will accept no liability in respect of any information provided which is subsequently released, or in respect of any consequential damage suffered as a result.

81 If it is felt to be helpful, representatives from the ICCL will be available for meetings with relevant representative parties on foot of submissions received.

8 Proposed timelines

82 The ICCL will consider all submissions and representations received and decide upon any changes put forward that it believes are appropriate to the manner in which the Scheme is operated and any alterations to the funding structures.

83 As a number of issues relating to the funding of the Scheme have an impact on other organisations, it may only be possible to implement certain changes with the co-operation and/or agreement of these parties.

84 The Board intends to complete the consultation element of the review of its funding arrangements by February 2019 and to commence the process of preparing a revised funding arrangements document. Subsequently, the revised funding arrangements will be drafted for approval by the ICCL Board. In these circumstances, it is planned to publish new funding arrangements by 31 May 2019. These arrangements will take effect from 1 August 2019.

30 October 2018

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