

<b>CONSULTATIVE CONSUMER PANEL</b>
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**Minutes of meeting at 11.00 am on 3 November 2004.**

Panel Members in attendance:	Brendan Burgess Olive Byrne Liam Coen Michael Connolly Eddie Hobbs Anne Hogan Eileen Lynch John Maher Joan Morrison Noel Mulcahy Sean O'Sullivan Ann Owens Aileen Power Fiona Reynolds Peter Ryan	Chairman
Also in attendance:	Martin Moloney  George Treacy  Brendan Nagle  John Pyne	Head of Legal & Finance IFSRA  Head of Consumer Protection Codes IFSRA  Solicitor Consumer Protection Codes IFSRA  Secretary to the Panel
Apologies:	Francis Byrne James Doorley David McWilliams Raymond O'Rourke William Ryan	

1. The minutes of the meeting of 3<sup>rd</sup> November 2004 were agreed subject to the following amendment:
  - At point No 7, insert the name of Peter Ryan in the list of members of the Monitoring Sub-Group.

2. The Chairman opened the meeting by advising the Panel that the letter from the Chief Executive of IFSRA to each of the Panel Members, dated 10 December 2004, had been withdrawn, and that accordingly it would not be dealt with under any other business.
3. Mr Martin Moloney gave an overview of the consultation paper circulated to Panel Members on Administrative Sanctions. A discussion on a number of topics ensued, including:
  - use of Administrative Sanctions versus the Courts,
  - the length of time an Administrative Sanctions procedure might take,
  - the possibility of forbearance arrangements between IFSRA and other agencies,
  - how resources should be focussed,
  - a simplified procedure for less serious breaches,
  - the powers of EU versus US regulators, and
  - whether hearings would be in public or private.

A suggestion was made that IFSRA should be more proactive in dealing with potential problems at an earlier stage by, for example, expressing disapproval publicly, via the media, of financial developments of which they did not approve.

It was agreed that the Codes Sub-Group would examine this issue in greater detail, but that all Members should feel free to contribute to that Sub-Group. It was agreed that Mr Moloney would meet the Sub-Group at 2.00 pm.

4. Mr Michael Connolly introduced a discussion of the draft general procedures document, referring to each of the sub-headings.

Mr Moloney addressed the issue of confidentiality, and in particular the effect of Section 33AK of the Central Bank Act, 1942<sup>1</sup>, which applies to staff of the Financial Services Regulator, but not to Members of the Panel, and which accordingly imposes limits on the type of information that the Financial Services Regulator can share with the Panel. There was some discussion on the confidentiality of Panel discussions and documentation.

There was some discussion about sub-paragraph 28 dealing with the provisions for amending the procedures, and the appropriate percentage of

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<sup>1</sup> As inserted by Section 26 of the Central Bank and Financial Services Authority of Ireland Act, 2003.

members necessary. Members also discussed the operation of sub-paragraph 27, in particular materiality and conflicts of interest. The Notice of Meetings provision of the document was also discussed.

The operation of the Freedom of Information Act was discussed. Mr Moloney advised the Panel that at this time the Freedom of Information Act did not apply to the Financial Services Regulator, but that it was likely that it would apply in the future, and that it was possible that it would be backdated.

The Panel agreed that Mr Connolly would consider the issues raised by Members, and that the General Procedures would be considered again at the next meeting of the Panel.

Mr Martin Moloney left the meeting at this point.

5. The Panel considered the Financial Services Regulator's Income and Expenditure statement for 2005, which had been referred to it by the Minister for Finance for comment. A number of issues were discussed including:
  - The level of information contained in the Income and Expenditure statement,
  - the level of pay, travel, training and legal costs,
  - the absence of any breakdown of the types of staff employed,
  - how the costs of regulation in Ireland compared with those in other comparable countries such as Denmark and Finland, and
  - the extent to which the FSR's levies were passed on to consumers. promotes competition.

It was agreed that the Chairman, Mr Hobbs and Mr Maher would draft a response, drawing in the views of Panel Members, and circulate it before issue.

6. Mr George Treacy and Mr Brendan Nagle joined the meeting. The Chairman offered Mr Treacy an apology if anything he had recently said or written had caused him offence, and asked for this to be noted.

Mr Treacy gave an overview of the respective roles of Consumer Information and Consumer Protection Codes Departments and then spoke about the rules that apply to advertising by financial firms. He spoke of two main types of breaches, those that did not include the APR figure as required by the Consumer Credit Act, and those that breached the provisions of the

Advertising Requirements. To date 40 breaches have been identified, The Regulator uses the services of a scanning agency to examine financial advertisements. Mr Treacy advised that the Regulator is in the process of developing a dialogue with the Advertising Standards Authority of Ireland.

There was a general discussion of the approach of the Financial Regulator to advertising and to breaches of its Advertising Requirements, including references to specific products and advertisements.

After this discussion Mr Treacy and Mr Nagle left the meeting.

7. The meeting discussed the recently released report of the Financial Regulator into issues at AIB Bank. The meeting decided that it was not necessary at this stage to respond to this report.
8. The meeting also discussed briefly the issue of its review of the performance of the Financial Regulator to date. It was agreed that this matter could be discussed further again at a future meeting.
9. The meeting noted a number of issues identified by Mr O'Sullivan, Chairman of the suggestions Sub-Group, as warranting consideration:
  - The operation of Section 33AK of the Central Bank Act, 1942 and its implications for dialogue between the Panel and the Financial Regulator, and
  - The fact that the language and terminology of the financial Regulator are seen to be difficult to understand.

Mr O'Sullivan invited other Panel members to make suggestions to his Sub-Group on how the Panel should operate.

10. It was agreed that the Chairman would draft a response to the Department of Finance's review of Financial Services Legislation for consideration at the next meeting
11. The meeting ended at 1.50 pm.

Prepared: \_\_\_\_\_ Date: \_\_\_\_\_  
Secretary to the Panel

Approved: \_\_\_\_\_ Date: \_\_\_\_\_  
Chairman