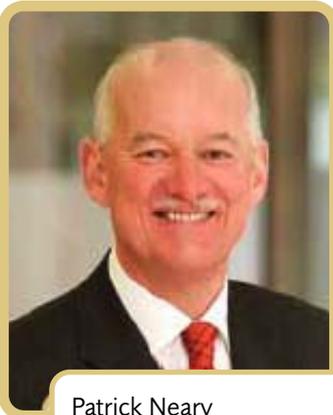




FINANCIAL REGULATOR  
*Rialtóir Airgeadais*

# Regulatory Connection

Issue 13  
January 2008



Patrick Neary

## Welcome Message

Happy New Year from all of us at the Financial Regulator.

In this issue we bring you details of our Strategic Plan for 2008. This strategy will guide our work for 2008 and updates our regulatory approach. This issue also describes the authorisation process for non-deposit taking lenders that come under our remit from 1 February. We also announce our review of the

insurance intermediary market and provide an update on the latest Irish and EU regulatory initiatives.

As we begin another busy year we look forward to continued constructive and positive engagement with regulated firms and the financial services industry.

Patrick Neary  
Chief Executive Officer

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# Strategic Plan 2008 - 2010 published

We recently published our Strategic Plan that will guide our work for the next three years. It outlines in detail the actions we plan to take this year and indicates the key initiatives to be undertaken in 2009 and 2010. Our high level approach to financial regulation which we reviewed fundamentally last year remains unchanged.

Notwithstanding the volatility in international financial markets, our assessment is that the Irish financial system continues to be reasonably well placed to withstand adverse economic and sectoral developments in the short to medium term. We will continue to monitor exposures very closely and will cooperate and share information with other regulators as appropriate.

The Strategic Plan contains an update on our regulatory approach. We outline our approach to cross border supervision, our plans to increase significantly our role in the regulation of authorised securities markets and outline the importance of the draft Solvency II Directive to the insurance sector. Other challenges for 2008 include bedding down the Capital Requirements and Markets in Financial Instruments Directives and delivering a re-developed and enhanced corporate website. We also intend to increase the extent of our inspection processes in a number of important industry sectors.

Having fully implemented the Consumer Protection Code in July 2007, we are now monitoring compliance with the Code. We will use themed inspections and mystery-shopping exercises for this work as we believe this represents the best and most efficient use of our resources. A major development is the enactment of new legislation to apply the Consumer Protection Code to non-deposit taking lenders. During 2008, we will publish a major consumer research project into financial capability, looking at how people manage their money and choose financial products. The results of this research will inform future consumer protection initiatives. We also plan to develop further our advocacy role.

We recognise the need to demonstrate that we are an efficient and effective organisation. In this regard, the Consultative Panels have expressed their satisfaction with the progress that we are making in relation to the transparency of our direct costs and we will continue our work to provide the appropriate information in relation to shared service costs. Within the Financial Regulator, we are engaging external consultants to assist us in undertaking a benchmarking review of our key processes and associated regulatory costs against comparator financial regulators and similar businesses.

The Strategic Plan as published is presented in a different format to previous years. It now contains Part A which is intended for those of you who are familiar with our strategy - it outlines the principal changes to our regulatory approach and outlines the key actions for 2008. Part B is aimed at those who are new to our strategy - it presents a consolidated three-year plan for the period 2008 - 2010.

Copies of the Strategic Plan can be downloaded from the Publications section of our website [www.financialregulator.ie](http://www.financialregulator.ie). Paper copies are available by phoning 4104609 / 4104719 or emailing [pfadmin@financialregulator.ie](mailto:pfadmin@financialregulator.ie).

# News

## Regulation

### Authorisation of Retail Credit Firms and Home Reversion Firms

In November 2007, Part V of the Central Bank Act 1997 ('the Act') was amended by the Markets in Financial Instruments and Miscellaneous Provisions Act 2007. As and from 1 February 2008, the Financial Regulator will be the body responsible for the authorisation and supervision of retail credit firms and home reversion firms.

In preparation for this, the Financial Regulator has developed an application form and guidance note for firms seeking authorisation to operate as a retail credit firm or home reversion firm. These documents are available on the Financial Regulator's website. In addition, the Financial Regulator placed a notice in the national press advising of the requirement of such firms to seek authorisation from the Financial Regulator within three months of the commencement of the legislation. The Financial Regulator has also written to firms which it has identified as currently operating as retail credit firms or home reversion firms to advise them of the requirement to seek authorisation.

The following may be of help in determining whether or not it is necessary to apply for authorisation, however, all firms to which these provisions may apply should review the provisions of the legislation.

#### Retail Credit Firm

A 'retail credit firm' is defined in the Act as a person prescribed for the purpose of paragraph (g) of the definition of 'credit institution' in the Consumer Credit Act 1995, or any other person who holds itself out as carrying on a business of, and whose business consists wholly or partly of providing credit directly to relevant persons.

However, you do not need to apply for authorisation if you are:

- (a) a person who is a regulated financial service provider, or;
- (b) a person who is an authorised credit intermediary under Part XI of the Consumer Credit Act 1995, or;
- (c) in relation to credit that was originally provided by another person, a person to whom all or any part of that other person's interest in the credit is directly or indirectly assigned or otherwise disposed of, or;
- (d) a person who provides credit on a once only or occasional basis, but only if the provision of the credit does not involve a representation, or create an impression (whether in advertising, marketing or otherwise), that the credit would be offered to other persons on the same or substantially similar terms, or;
- (e) a person who is exempted, or who belongs to a class of persons that is exempted, under section 29A of the Act from being required to hold an authorisation as a retail credit firm.

If you believe that you are entitled to an exemption under section 29A of the Act, please contact the Financial Regulator (details below) indicating the grounds on which you are seeking the exemption.

#### Home Reversion Firm

A 'home reversion firm' is defined in the Act as a person carrying on the business of entering into home reversion agreements. In this regard, 'home reversion agreement' is defined as an agreement between a vendor and a home reversion firm that provides:

- (a) for the conveyance by the vendor to the home reversion firm of an estate or an interest in land (which includes the principle residence of the vendor or of the vendor's dependents) for a discounted sum or an income (or both), and;
- (b) for the vendor to retain the right to live in the residence until the occurrence of one or more events specified in the agreement.

If you believe that you qualify under either of the above definitions, you should apply for authorisation to the Financial Regulator. Any person, who carries on the business of a retail credit firm or a home reversion firm, as defined under the Act, after 30 April 2008, without having applied for authorisation is committing an offence and is liable to prosecution.

Copies of the Act are available from the Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2. Please note that the Act has been amended by the following acts; the Central Bank and Financial Services Authority of Ireland Act, 2004 and the Markets in Financial Instruments and Miscellaneous Provisions Act, 2007.

For further information, please contact: John O'Donnell or Damian Brennan, Financial Institutions and Funds Authorisation, Financial Regulator, PO Box 9138 College Green, Dublin 2. Telephone: 410 4312 or 410 4028 Fax: 671 6687.

## Statutory Duty of External Auditors to Report to the Financial Regulator

On 13 November 2007, the Financial Regulator declared, by means of a notice published in Iris Oifigiúil, the following provisions to be prescribed enactments for the purposes of section 27B of the Central Bank Act 1997:

- (a) Regulation 144 of the EC (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007);
- (b) Regulation 46 of the EC (Reinsurance) Regulations 2006 (S.I. No. 380 of 2006); and
- (c) Section 118 of the Credit Union Act 1997.

Section 27 introduced additional obligations on auditors of financial institutions which include:

- making an annual confirmation (commonly referred to as the Statutory Duty Declaration or Annual Positive Statement) to the Financial Regulator within one month after the date of the auditor's report on the financial statements, stating whether or not circumstances have arisen that require the auditor to report a matter to the Financial Regulator under a prescribed enactment and, if such circumstances have arisen, to specify those circumstances (Section 27B). It is an offence not to comply with the obligation under Section 27B;
- providing to the Financial Regulator copies of any reports provided to the regulated entity, or those concerned with its management, on matters that have come to the auditor's notice while auditing the accounts or carrying out any work for the financial services provider of a kind specified by the Financial Regulator (Section 27C);

Where no such report is to be sent to the entity, Section 27C(3) requires the auditor to inform the Financial Regulator that such is the case (commonly referred to as a 'nil return'); and

- providing to the Financial Regulator copies of any reports issued to the Office of the Director of Corporate Enforcement (Section 27D).

In relation to matters that have come to the auditors notice, while there is no definition contained in the legislation as to what constitutes 'a report' for the purpose of section 27C or the meaning of the term 'those concerned in its management', the Financial Regulator expects to receive, at a minimum, post-audit reports prepared in accordance with International Standard on Auditing (ISA) (UK and Ireland) 260. Additionally, the Financial Regulator is particularly interested in any reports which raise concerns about the solvency/capital adequacy of the regulated entity and the conduct of business with its clients.

The Accountancy Bodies have provided guidance to their members on reporting obligations to the Financial Regulator and we urge auditors to comply with these reporting duties within the applicable timeframe.

# Insurance

## Review of the Insurance Intermediary Market

The Financial Regulator has commenced a project to carry out a Review of the Insurance Intermediary Market. This project evolved from

- a commitment made by the Financial Regulator to carry out a review of the classification and categorisation of insurance intermediaries during consultation on the Consumer Protection Code and
- a recommendation made by the Joint Oireachtas Committee on Enterprise & Small Business in its Second Interim Report on the Insurance Market, that the Financial Regulator "carry out a fundamental review of the insurance broker market, particularly in relation to transparency for the consumer."

The scope of this project covers two main areas, intermediary categorisation and transparency for the consumer. A review of the classification/categorisation of mortgage intermediaries will also be considered as part of this project.

- **Intermediary categorisation**  
This part of the Review will consider appropriate terms to describe insurance and mortgage intermediaries that will reflect the range of services provided and will be clear for consumers.
- **Transparency for the consumer**  
This part of the Review will focus on improving transparency in relation to the services provided by the insurance intermediary and how the insurance intermediary is remunerated. Consumer research will be carried out to provide information in relation to the relationship between intermediaries and consumers. The relationship between intermediaries and insurers will also be considered.

The Financial Regulator has established a High Level Forum and a joint working group with industry consisting of members from relevant representative bodies, to consider the issues in more detail. These groups will meet to work on this project over the coming months.

## Reinsurance Registers

An updated register of authorised reinsurance undertakings and special purpose reinsurance vehicles has been published and can be accessed through our website, [financialregulator.ie](http://financialregulator.ie), under Regulated Firms.



Pictured at the Irish Banking Federation's seminar Doing It Right for Customers in November, which was addressed by Bernard Sheridan from the Financial Regulator, are left to right Joe Meade, Financial Services Ombudsman; Bernard Sheridan, Head of Consumer Protection Codes; Eimer O'Rourke, Head of Retail Banking, Irish Banking Federation; Brian Jopling, Budd.

# Funds

## Organisation of UCITS Management Companies - New Guidance Note

The Management Company Directive (Council Directive 2001/107/EC), introduced new authorisation and operational requirements for UCITS management companies. This was implemented into Irish law in October 2003 through amending Regulations to the existing UCITS Regulations.

Following consultations with the investment funds industry in April 2004, December 2005 and August 2007, the Financial Regulator finalised its requirements for the organisation of UCITS Management Companies and in November issued revised UCITS Notices and a new Guidance Note. Primarily the Notices and Guidance Note put in place measures to ensure that a robust corporate governance regime exists and to enable the persons who conduct the business of the management company to monitor effectively the activities of the company.

The Notice amendment and Guidance Note also provides specific guidance to UCITS management companies with regard to capital, fitness and probity of shareholders and directors, management of business, reporting, and books and records along with applying additional requirements for management companies, which provide individual portfolio management services.

The revised Notices are available in the Industry Section of the website under Funds/UCITS Notices. The Guidance Note will be published on the website shortly.

## Eligible assets for UCITS

It is intended to issue further revisions to the UCITS Notices and related Guidance Notes to reflect the EU Level 2 and Level 3 requirements for eligible assets. A consultation with regard to some related matters, including stock lending and stock borrowing, was issued on 20 December and comments are requested by 1 February.

## Amendment to existing Guidance Note

The Financial Regulator issued a revised Guidance Note 2/96 on Promoters to Collective Investment Schemes. The revised Guidance Note applies a fast track approval regime of one week for promoter firms that are authorised under the MiFID Directive or are established as credit institutions in the EEA. The revised Guidance Note is available in the Industry Section of the Website under Funds/Promoter Firms - Guidance Note 2/96 and Application Form.

# Settlement Agreements

## **Market Abuse Regulations 2005 - Settlement Agreement between the Financial Regulator and Penfield Enterprises Ltd and Mr John Mulcahy ('the publisher')**

The Financial Regulator concluded a Settlement Agreement with effect from 30 October 2007 with Penfield Enterprises Ltd t/a The Phoenix magazine and the publisher in relation to breaches which occurred of the disclosure requirements in relation to recommendations with respect to financial instruments included in Regulations 18 and 21 of the Market Abuse Regulations.

The matter has been settled on the basis that the breaches are admitted, a fine of €5,000 has been imposed and new measures are to be introduced by the company to support compliance with the Market Abuse Regulations in the future.

## **Settlement Agreement between the Financial Regulator and Johnston Properties Limited**

The Financial Regulator entered into a Settlement Agreement with effect from 29 November 2007 with Johnston Properties Limited in relation to suspected breaches of regulatory requirements.

The Financial Regulator has reasonable cause to suspect that breaches of regulatory requirements occurred when Johnston Properties Limited was a regulated financial service provider.

These suspected breaches relate, inter alia, to failure to ensure that Johnston Properties Limited had and employed effectively resources and procedures necessary for the proper performance of its business activities, to seek sufficient information from clients in relation to their financial situation and objectives, and to disclose fees payable in accordance with section 132(d) of the Consumer Credit Act.

The Financial Regulator reprimanded Johnston Properties Limited in relation to the suspected breaches.

Johnston Properties Limited is no longer authorised as a mortgage intermediary.

The Financial Regulator confirms that Johnston Properties Limited fully co-operated with the examination and the matter is now closed. The Financial Regulator confirms that no client has made a complaint to it in relation to the suspected breaches.

## **Settlement Agreement between the Financial Regulator and Mr Don Harte t/a DGH & Associates (Mr Harte)**

The Financial Regulator entered into a Settlement Agreement with effect from 29 November 2007 with Mr Harte in relation to suspected breaches of regulatory requirements.

The Financial Regulator has reasonable cause to suspect that breaches of regulatory requirements occurred when Mr Harte was a regulated financial service provider.

These suspected breaches relate, inter alia, to failure to ensure that it had and employed effectively resources and procedures necessary for the proper performance of its business activities, to seek sufficient information from clients in relation to their financial situation and objectives, and to submit accounts to the Financial Regulator on an annual basis.

The Financial Regulator reprimanded Mr Harte in relation to the suspected breaches.

DGH & Associates has sought revocation of its authorisation as a life assurance intermediary.

The Financial Regulator confirms that Mr Harte fully co-operated with the examination and the matter is now closed. The Financial Regulator confirms that no client has made a complaint to it in relation to the suspected breaches.

# Anti-Money Laundering Update

## Update on Implementation on Third Directive on Prevention of the use of Financial System for Money Laundering and Terrorist Financing.

As outlined in previous issues of Regulatory Connection, Member States were required to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by 15 December 2007. In Ireland the transposition is now scheduled to take place during 2008.

Work on the implementation process is continuing on three main fronts:

- **Transposition of the Directive into Irish Law**  
The Department of Justice, Equality and Law Reform is finalising work on the Draft Heads of a Bill. Following the publication of the Draft Heads there will be consultation with other stakeholders through the Money Laundering Steering Committee (MLSC) chaired by Department of Finance and on which the Financial Regulator is represented.
- **Industry Guidance Notes**  
The Working Group, comprising members and representative bodies from the financial services industry sectors, has continued its work on drafting Revised Industry Guidance Notes. These Guidance Notes will comprise a set of single 'Core' guidance notes applicable to all sectors and 'Sectoral' guidance notes which will be particularly relevant for the major sectors within the industry.

The Financial Regulator will provide comments on the draft Guidance Notes and as part of this process will consult with stakeholders not represented directly on the Working Group. It is planned that this consultation process will commence during the first quarter of 2008 once the Draft Heads of the Bill have been published and the penultimate draft of the Guidance Notes are available.

- **Other work being undertaken within the Financial Regulator**  
The Financial Regulator's internal working group, which comprises representatives of all relevant Financial Regulator departments, is continuing its work on preparing for the implementation of the Third Directive. The outcome of this programme will be a revised operating model which will provide adequate, appropriate and ongoing assurance to the Financial Regulator in relation to the requirements of the Third EU Directive on Prevention of Money Laundering/Terrorist Financing and the FATF Recommendations. The work includes reviewing internal processes and designing a staff training programme.

## International Aspects

### Financial Action Task Force (FATF)

A copy of the Chairman's Summary of the October 2007 Plenary meeting, together with related documents, are available on the FATF website [www.fatf-gafi.org](http://www.fatf-gafi.org). Matters considered at this meeting included Mutual Evaluation Report on Finland, updates from a number of countries assessed during the last two years including Australia, Italy and Switzerland, proposals to enhance private sector outreach and the publication of new guidance to address the threat of combating the financing of Weapons of Mass Destruction proliferation by Iran.

On 11 October 2007 the FATF Plenary released a Statement on Iran which states that the FATF is concerned that Iran's lack of a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regime represents a significant vulnerability within the international financial system. It calls upon Iran to address these deficiencies as a matter of urgency and it states that FATF members are advising their financial institutions to take the risk arising from the deficiencies in Iran's AML/CFT regime into account for enhanced due diligence. Accordingly, in accordance with this FATF Statement, the Financial Regulator advises regulated financial services providers that engage in business with Iran to take account of this Statement.

The December edition of FATF E-news, which is available on the FATF website, provides further information on recent work undertaken by the FATF and a calendar of key events scheduled for January-June 2008.

The next Plenary meeting of the FATF will take place in Paris during the week of 25 February 2008. Ireland is required to submit a report for consideration at this meeting outlining the progress and actions that have been taken to date to address the deficiencies that were identified by the FATF in the 2006 Mutual Evaluation Report on Ireland. The Department of Finance has commenced the work on the preparation and coordination of the update report and all relevant government bodies and agencies including the Financial Regulator have been requested to provide input to the report.

## **EU Committee on the Prevention of Money Laundering and Terrorist Financing**

The EU Commission has issued two editions of its newsletter, EU AML News, the aim of which is to provide a regular overview on the actions and initiatives undertaken at European level to fight money laundering and financial crime in general. The newsletters are on the EU Commission Internal Market website at [http://ec.europa.eu/internal\\_market/company/financialcrime/index\\_en.htm#news](http://ec.europa.eu/internal_market/company/financialcrime/index_en.htm#news)

## **Anti-Money Laundering Task Force (AMLTF) Reporting to CEBS, CEIOPS, CESR**

The aim of the work of AMLTF is to help in supporting convergence in practices in the operational application of the Anti- Money Laundering/Terrorist Financing requirements, as well as enhancing information exchange and networking between EU supervisory authorities. A number of meetings are scheduled for 2008 and the Task Force will report back to CEBS/CEIOPS/CESR in mid-2008 and end-2008 on the work that has been undertaken.



Pictured is the MiFID Seminar hosted by the Financial Regulator in October. Also pictured above is Con Horan, Prudential Director, addressing the Conference.

## Consumer Director's Visit to Brussels

The Consumer Director, Mary O'Dea and her senior team - Head of Consumer Information, Sharon Donnelly; Head of Consumer Protection, Bernard Sheridan and EU Co-ordinator, Breda Cassidy visited Brussels in December.

The main objectives of this visit included:

- Fostering a greater awareness of the Irish regulatory approach vis-à-vis retail financial services;
- Identification of potential conflicts in approach as early in the regulatory process as possible; and
- Discussion of regulatory issues of mutual interest.

An intensive schedule included meetings with Commissioner McCreevy (Internal Market Commissioner); Head of Cabinet of the Commissioner for Consumer Protection; Officials from the Commission's Internal Market Directorate General; Ireland's Permanent Representation (Ambassador, Deputy Ambassador & Financial Services Attaché); and Director General of BEUC (The European Consumers' Organisation).

Building on the Commission's strategy for retail financial services and taking into account the issues identified, several areas where work is to be undertaken in order to improve the competitiveness and efficiency of European retail financial services markets were discussed. These areas included:

- Customer Choice and Mobility - proposals to facilitate switching bank accounts and to study current tying practices in financial services areas so as to measure their impact on mobility;
- Retail Investment Products - the need for a coherent approach to suitability and transparency for competing retail investment products; and
- Financial Education - The Commission's Communication on Financial Education, and how it dovetails the Financial Regulator's Financial Education Initiative.

## European Commission

[www.ec.europa.eu](http://www.ec.europa.eu)



### White Paper on the integration of EU Mortgage Markets

The European Commission's recently published white paper summarises the conclusions of a review of European residential mortgage markets and presents a package of measures to improve the efficiency and competitiveness of these markets. This is to be achieved through improvement in the areas of cross-border supply, product diversity, consumer empowerment and customer mobility. The White Paper recognises that there can be no efficient market without confident and empowered consumers, who are able to seek out and choose the best product for their needs. The Commission believes that good advice, including legal advice, is distinct from information and it wishes to promote high-level mortgage advice standards, whilst recognising that not all consumers need the same level of advice. The White Paper, accompanying impact assessment and FAQs are available at: [http://ec.europa.eu/internal\\_market/finservices-retail/home-loans/integration\\_en.htm](http://ec.europa.eu/internal_market/finservices-retail/home-loans/integration_en.htm)

### Financial Education Communication

The Commission published its Financial Education Communication, in which it sets out some basic principles to guide providers of financial education, based on existing best practice. The view of the Commission is that financial education should not be seen as the only means to address information asymmetries between consumers and providers, but rather as a complement to adequate consumer protection and to the responsible behaviour of financial service providers.

### Study of Financial Literacy Schemes

The Commission also published the results of a wide-ranging study of financial literacy schemes and research undertaken on its behalf in the 27 Member States. This study aims to facilitate learning from existing initiatives and research and highlights the uneven provision of financial education within the EU.

Both the Commission's Financial Education Communication and the Study of Financial Literacy Schemes are available via the following weblink: [http://ec.europa.eu/internal\\_market/finservices-retail/capability/index\\_en.htm](http://ec.europa.eu/internal_market/finservices-retail/capability/index_en.htm)

### Call for Evidence

The European Commission has launched a call for evidence on the impact of the fragmented regulatory landscape for retail investment products on the protection of retail investors. All interested parties are asked to provide input, backed by concrete evidence wherever possible, on:

- which investment products should be taken into consideration;
- the factors driving the sale and promotion of particular investment products;
- whether and how varying information disclosures or distribution regulations lead to investor detriment; and
- if material risks are identified, on the need for corrective action.

Contributions are invited by the Commission by **18 January 2008** to: [markt-consult-substiprod@ec.europa.eu](mailto:markt-consult-substiprod@ec.europa.eu). The call for evidence is available at: [http://ec.europa.eu/internal\\_market/finances/cross-sector/index\\_en.htm](http://ec.europa.eu/internal_market/finances/cross-sector/index_en.htm)

## Lamfalussy Review

The political debate on the Lamfalussy Review is based on a number of reports. The report of The Inter-Institutional Monitoring Group, which has a mandate to assess the progress made on implementing the Lamfalussy process and identify any emerging bottlenecks in the process, is available at: [www.ec.europa.eu/internal\\_market/IIMG](http://www.ec.europa.eu/internal_market/IIMG) Other reports include those from the Economic and Financial Committee, the Financial Services Committee, the Commission and the European Parliament. CESR, CEBS and CEIOPS have published their contributions to the Lamfalussy Review on their respective websites.

### Economic & Financial Affairs Council (ECOFIN) on Lamfalussy Review

On 4th December last, in its conclusions on the Lamfalussy Review, ECOFIN found that overall, experience to date with the Lamfalussy process is positive. Nevertheless, it considered that, without changing the inter-institutional balance between the European Parliament, the Council and the Commission, further improvements in these areas should be introduced at all Lamfalussy levels. It agreed a way forward which included a roadmap outlining timetables for actions to be undertaken. ECOFIN's conclusions are available via: <http://www.consilium.europa.eu/97387.doc>

### European Commission Communication on Lamfalussy Review

The European Commission's Communication on the Review of the Lamfalussy Process, in which it stated that the functioning of the Level 3 Committees must be improved to enhance supervisory convergence and cooperation, is available at: [http://ec.europa.eu/internal\\_market/finances/committees/index\\_en.htm](http://ec.europa.eu/internal_market/finances/committees/index_en.htm)

## 3 Level 3 Committees' Work Programme Consultation

The 3 Level 3 Committees have published a Consultation Paper on their medium term work programme on cross sector supervisory issues (2008-2010). Comments on the key areas, the work programme in general, and other issues raised, are invited by **18 January 2008**. The following is a hyperlink to the Consultation Paper webpage: <http://www.ceiops.org/content/view/14/18/>



# CESR

[www.cesr.eu](http://www.cesr.eu)

## **Questions submitted to the Credit Rating Agencies (CRAs), in preparation for the 2007 Report to the European Commission**

As a follow up of the meetings held with rating agencies at the beginning of October and in order to obtain the necessary data to fulfil the European Commission's request to review the role of CRAs with regards to structured finance, on 14 November CESR sent a letter asking for additional information to the 4 CRAs which agreed to be part of CESR's voluntary framework.

On 13 December 2007 the public responses from Credit Rating Agencies to the list of questions from CESR were published on its website and are available in the section Expert Groups/Credit Rating Agencies.

## **Publication of Key Information from Database of Enforcement Decisions taken by EU National Enforcers of Financial Information (IFRS)**

On 17 December 2007, as a further contribution to the promotion of market confidence and supervisory convergence in the European Union, CESR published extracts from its database of enforcement decisions taken by EU National Enforcers participating in European Enforcers Co-Ordination Sessions (EECS).

EU National Enforcers of financial information monitor and review financial statements and consider whether they comply with IFRS and other applicable reporting requirements, including relevant national law. This is the second publication of extracts from CESR's database of enforcement decisions. The first publication took place on 16 April 2007. CESR plans to publish further extracts from this database on a regular basis.

## **Consultation on How to Best Improve the Functioning of the MiFID Database**

Under the MiFID Directive CESR is responsible for publishing lists for shares admitted to trading on a regulated market, systematic internalisers, multilateral trading facilities, regulated markets and central counterparties.

CESR has so far published a database of shares admitted to trading on regulated markets on 3 July 2007 (for further information please see the press release Ref. CESR/07-450) together with CESR's guidebook to Market Transparency calculations Ref. CESR/07-322), and databases covering the other four lists on 1 November 2007 (see press release Ref. CESR/07-748).

The consultation paper published on 17 December sets out in further details the current functioning of the database of shares admitted to trading on a regulated market, as well as proposed additions to the database. Responses should be posted on CESR's website, in the section Consultations, by 21 January 2008.

## **Consultation on the Equivalence of Chinese, Japanese and US GAAPs**

On 18 December CESR published a consultation paper on CESR's advice on the equivalence of Chinese, Japanese and US GAAP" (Ref. CESR/07-761). The objective of this advice, subject to consultation, is to assist the European Commission in determining, by 1 July 2008, the equivalence of third country GAAP under the Prospectus and Transparency Directives.

The full consultation can be view on the CESR website in the Consultations Section.

[www.c-eps.org](http://www.c-eps.org)

## **Own Funds**

On 22 November 2007 in London, CEBS organised a public hearing open to all interested parties on a proposal for a common European definition for Tier 1 hybrids. It subsequently published a consultation paper on its proposals. Hybrid capital instruments typically have features of debt and equity and can be considered as eligible as original own funds ('Tier 1') in the EEA provided they meet certain criteria.

## **Large Exposures**

CEBS has published its consultation paper (CP16) on a number of aspects of the large exposures regime as part of developing its response to the European Commission's Second Call for Advice (No. 7). The consultation is open to all interested parties, including supervised institutions and other market participants. The consultation period will run until 22 February 2008. CEBS is organising a public hearing open to all interested parties on its consultation paper on the review of the large exposure rules. The hearing will take place on 15 January 2008 at CEBS premises in London.

## **Report on the Regulatory Implementation of Pillar 3**

On 18 December 2007, CEBS published the findings of a survey it has carried out with regard to regulatory implementation of disclosures by credit institutions as set out in chapter 5 of Directive 2006/48/EC, which transposes the Basel Pillar 3 requirements into EU legislation. CEBS's survey provides an overview of the situation in the EU.

## **Standardisation of Remittance Dates and Reporting Frequencies for Supervisory Reporting (COREP)**

On 19 December 2007, CEBS published a proposal to amend the Guidelines on Common Reporting (COREP) for the periodic reporting to supervisory authorities in the EU by a supervised entity of its solvency under the recast Directives 2006/48/EC and 2006/49/EC.

## **Paper on the Range of Practices on Supervisory Colleges and Home-host Cooperation and a Template for a Multilateral Cooperation and Coordination Agreement**

On 27 December 2007, CEBS published a paper on the "Range of practices on supervisory colleges and home-host cooperation", as well as a template for a "Multilateral Cooperation and Coordination Agreement" ("Template for written agreements"). CEBS believes that these documents will enhance the efficiency and effectiveness of the European supervisory regime under the CRD. In particular, the operational focus of the Template for written agreements is expected to narrow the gap between the high level principles issued by CEBS on supervisory cooperation and day-to-day supervisory practices.

All publications are available on the CEBS website.

[www.ceiops.org](http://www.ceiops.org)

## **CEIOPS' Conference**

Over 350 delegates attended CEIOPS' third annual Conference that took place in Frankfurt on 20 November 2007. The Conference hosted high-level Speakers, offering the benefit of their expertise. The main topics for discussion were covered in three Panel sessions and related to the assessment of CEIOPS' role as a Level 3 Committee in the Lamfalussy process, the progress of the Solvency II Project including QIS 3 and lessons to be learned from the results, and the implementation of the Pension Funds' supervisory regime. The main conclusions of the Conference 2007 as well as the available speeches and presentations are now published on the website under Press Room / Speeches and Articles.

## **4th Quantitative Impact Study: Consultation & Public Hearing on 28 January 2008**

In order to help prepare the ground for the development of implementing measures once the Solvency II proposal has been adopted by Council and Parliament, Commission Services have asked CEIOPS to run a fourth quantitative impact study between April and July 2008. Commission Services are organising a public hearing on 28 January 2008 in order to provide interested parties with an opportunity to discuss the draft QIS4 specifications. Panel sessions at the Public Hearing will cover the following topics: Groups, SMEs, and the use of internal models. The Public Hearing scheduled for the 28 January forms part of a formal consultation process on the draft QIS 4 specifications running until 15 February 2008, during which time stakeholders are invited to provide written comments. All related documents are accessible from the following European Commission weblink: [http://ec.europa.eu/internal\\_market/insurance/solvency/index\\_en.htm](http://ec.europa.eu/internal_market/insurance/solvency/index_en.htm)

## **Public Hearing on 6 February**

In line with the CEIOPS commitment to foster consumer protection and in accordance with its consultation and transparency policy, CEIOPS will hold a public hearing on 6 February 2008 in its premises located in Frankfurt am Main.

The aim of the public hearing is to give all stakeholders the opportunity for a direct dialogue with CEIOPS' representatives and express their views on the areas where additional efforts should be made according to CEIOPS:

- \* a better and harmonized information approach, including appropriate and consistent information requirements in the European legislation, especially with regard to the conduct of business rules;
- \* the general good conditions;
- \* the applicable law to contractual obligations;
- \* the out-of-court system for handling complaints.

Comments and questions to be addressed during the public hearing can be sent in advance to : [secretariat@ceiops.eu](mailto:secretariat@ceiops.eu) and registration details are available on the website. Forms must be sent to [Giulia.conforti@ceiops.eu](mailto:Giulia.conforti@ceiops.eu) before 30 January 2008.

# Firms Authorised Quarter 3 (July - September) 2007

## Authorisations

<b>Credit Institutions</b>	PFPC Bank Limited , Postbank Ireland Limited, Wachovia Bank International.
<b>Moneytransmitters &amp; Bureau de Change</b>	Coinstar Money Transfer (Ireland) Ltd, Matrix International Holdings Ltd, Michael O'Donovan T/A Boland Kinsale,RIA Financial Services Ltd.
<b>Insurance Companies</b>	Non- Life: Greenval Insurance Company Limited
	Reinsurance : Sector Re Limited
<b>Investment Firms</b>	Investment (non retail) : An Post, Newcourt Retirement Fund Managers Ltd.
	Retail Investment Intermediaries (Authorised Advisor): FIS Business Consultancy Limited trading as FIS; HC Private Clients Limited.
	Retail Investment Intermediaries (Multi-agency intermediaries): Alan Considine t/a Alan Considine Mortgages and Investments; Andrew Johnston Wealth Management Limited; Boyne Mortgages Limited trading as Boyne Mortgage Services; Carey Corbett Financial Solutions Limited; CMF Wealth Management Limited; Construction Register (Ireland) Limited; Cormac Farrell Financial Planning; InAnyEvent Limited; David Harte, trading as Hyland & Harte Financial Services; Declan O'Neill trading as DON Consultancy; Denis Dwyer; EGF Financial Services Limited; GPR Financial Services Limited, trading as Blue Sky Mortgages; H.M.P. Property Finance & Pensions Limited, trading as Hurson Moore Power; Inspire Financial Options Limited, trading as Inspire Financial, Inspire Financial Options; JD Murphy Investment Life & Pension Benefits; John Ellis Insurances Limited, trading as Ellis Financial; Mulholland & Company Limited; Public Sector Life & Pensions Limited; Robert Kelly, Evan Hughes & Jim Dunne t/a Public Sector Retirement Advisors; Sean O'Neill Financial Limited t/a Alchemy Financial; Shane Kavanagh Finance Limited; The Finance Partner Limited.

**Mortgage  
Intermediaries**

A1 Acquisitions International Limited; Adrian Hawthornthwaite; Aidan Campbell; Aidan Carraher; Aidan Conway; Airport Financial Services Limited; Andrew Coghill & Treasa Coghill; Anthony McMullan, Anthony McMullan Jnr & Lisa Browne; Apex Auctioneers Limited; Austin Bolger; Austin Home Finders Limited; Avondhu Financial Limited; Bernard Byrne; Billy Crosbie; Billy Walsh; Bradley Merren, Robert Morton & John Coleman; Brian McDermott; Brian White; Burke Landy Limited; Carey Corbett Financial Solutions Ltd; Carole Wiley; Carrigan Financial Consulting Limited; Christopher McCarthy; Classic Financial Services Ltd; Colm O'Hagan; Connolly Auctioneers Ltd; Cormac Farrell; D & M Dempsey Financial Services Limited; Daniel Jones Financial Services Limited; David J Brown; Dawnriver Properties Limited; Declan Holohan; Declan McEvoy; Declan O'Callaghan; Derry O'Donnell; Des Dempsey & Son (Auctioneers) Ltd; DK Financial Limited; Donal Morrissey (Financial) Limited; Donal Moynihan; Eilis Quinlan; Elise Campbell; Elizabeth Ferris; Evan Hughes, Robert Kelly & Jim Dunne; Evergreen Mortgage & Financial Limited; Fergal O'Callaghan; Finance In Motion Ltd; Finance Life & Pensions Limited; Fingal Life & Investments Ltd; Francis Davey; Frank Ramsay; Future Mortgages Limited; Gary O'Flynn; Gerard Doyle; Gerard Farrelly Auctioneers Limited; Gerard Geraghty; Gerry McMunn; Gogan Insurances Ltd; Grado Financial Services Limited; Hill Of Tara Estates Limited; Home & Overseas Ltd; Intrum Justitia Ireland Limited; Irwin Financial Services Limited; J.McCarrick Investco Ltd; Jackie Murphy; James Donnelly; James Murphy; John Coleman; John Grier; John Hayes; John Lambe; John Lyons & Kieran O'Connell; John Millet; John Mullane Mortgage & Financial Services Limited; John O'Callaghan; John Tattan; Jonathan O'Connor; Joseph Martin Tohill; Keith Lenehan; Kemur Investments Limited; Kennedy McCaffrey Financial Consultants Ltd; Kieran Aherne; Killcoran Limited; KJ O'Brien & Co Investments Limited; Leahy Mortgage Solutions Ltd; Liam Murphy; Life Goals Limited; Lynx Legal & Financial Solutions Ltd; Make Me Rich Ltd; Mall Financial Consultants Ltd; Margaret Forrest; Marie McCarthy; Mark Twomey; Martin Fitzgerald; Mary Keneally; Mary Lacey O'Shea Financial Services Limited; McDonnell Financial Services limited; Michael Creedon; Michael Dee; Michael Kerrins; Michael Martin; Money Sense Limited; Morrissey McCrann Financial Services Limited; Mortgage Companion Limited; Mortgage Plaza Limited; Myles Doran; Name of Firm; Niall O'Reilly; Nimsi Ajayi-Daniels; Noel Broe & Sons Ltd; Olivia Needham; Pat Doyle & Teresa McKearney; Pat Malone; Patrick Anthony McIntyre; Patrick Dunne & Adrian McDaid; Patrick Joseph Garvey; Patrick Monahan; Patrick O'Connor; Paul McGonigle; Paul Sweeney; Percival Akpaloo; Peter Murphy; PK Property & Finance Limited; Prime Meridian Overseas properties Limited; Pro Active Finance Limited; Professional Financial Services Centre Limited; Richardson Insurances Ltd; Robert Nixon & Co Ltd; Rodney Shanks; Roger Murphy; Ronan Byrne; Sean McEvoy; Sean O'Carroll; Shee & Hawe Limited; Stephen McCarthy; Streamstown Property & Financial Services Limited; The Lansdowne Partnership Ltd; TMFC Limited; Tomás Madigan; Trevor Grant; Vincent Casey Life & Pensions Co. Ltd; Wall Estates Ltd; Walter Tuffy; Yaw Dankwa.

**Insurance  
Intermediaries**

A Callanan & Company; Abbeyfeale Credit Union Limited; AIC (Corporate) Limited; Airport Financial Services Limited; Alan Duggan Finances Limited; Andrew Cremin; Andrew Johnston Financial Services Limited; Anthony Carew; Apartment Block Insurances Limited; Aquabroker Limited t/a Aquabroker; Arklow Credit Union Limited; Arran Financial Services Limited; Ask First Mortgages Limited; Athboy Credit Union Limited; Ballinasloe Credit Union (Our Lady of Lourdes) Limited; Ballincollig Credit Union Limited; Bank of Ireland Private Banking Limited; Barney Kiernan; BDO Simpson Xavier Financial Services Limited; Bernard Woods; Betty Martin; Birr Credit Union Limited; Blackhall Financial Services Limited; BMIB Ltd t/a Brian Mullins Insurance Brokers; BMW Financial Services (Ireland) Limited; Borrisokane Credit Union Limited; BOS (Ireland) Wealth Management Limited; Boyne Mortgages Limited; Brian J Pierce Financial Services Limited; Brian J. Pierce Limited; Brophy & Company Insurances Limited; Brownell Insurances Limited t/a Fast Find Mortgages; Bruce Andrew and Rita Cashman t/a Andrew Financial; Byrne Financial Services; Callan Credit Union Limited; Capita Life and Pensions Services (Ireland) Limited; Capital Life & Pensions Limited; Carey Corbett Financial Solutions Limited t/a Carey Corbett Financial Solutions; Carmel Sheridan; Carrowmore Financial Services Limited; Cashel Credit Union Limited; Castlelost Credit Union Limited; Cathedral Credit Union Limited; Chapelway Ltd; Charles E. Travers; CQ Investments Limited; Charles Morley t/a Personal Financial Consultants; Ciaran O'Carroll; Clanmaurice Credit Union Limited; Clondalkin Credit Union Limited; CMF Wealth Management Limited; Coill Dubh and Districk Credit Union Limited; Communication Rentals Limited t/a Euro Finance Group/Siemens Structured Finance; Kieran Galvin trading as John F. Galvin Insurances; Community Insurances Consultants Ltd; Con & Declan Brennan; Con Hegarty; .

**Insurance  
Intermediaries**

Construction Register (Ireland) Limited; Contactors Medical Bureau; Coolcorran Co. Limited; Cormac Farrell t/a Cormac Farrell Financial Planning; Cornelius Finbarr O'Shea t/a Niall O'Shea Financial Services; Coyle Life & Pensions Limited; Dermot Gallagher; Custom House Capital Limited; David Harte t/a Hyland & Harte Financial Services; David Lucid Insurance Limited; DB Financial Services Limited; Declan O'Neill t/a DON Consultancy; Denis Dwyer; Diarmuid O'Siochain t/a Diarmuid O'Siochain & Associates; Dick Hardagan and Associates Ltd; Donabate and District Credit Union Limited; Donal O'Callaghan; Donie Gavin t/a Gavin Financial; Dubco Credit Union Limited; Dungarvan Credit Union Limited; Dunleer Parish Credit Union Limited; Eamonn Murray and Deirdre Murray t/a O'Shea Insurances; Edward J McDermott t/a EJ McDermott Insurance Broker; EHL Business Services; Eleanor Mc Carthy t/a Eleanor McCarthy Life & Pensions; Emerald Financial; Enniscorthy Credit Union Limited; E-Services & Communications Credit Union Limited; EU Financial Holdings Limited t/a EU Finance Corporation; Executive Benefits Limited; Fingal Financial Consultants; Finance In Motion Limited; Finucane Insurances & Auctioneers Limited t/a Jim Finucane Auctioneers, FIS Business Consultancy Limited t/a FIS; Fitzsimons Life & Pensions Limited t/a Fitzsimons Finance; FLC Financial Limited; Frank Regan t/a Frank Regan & Associates; Gabriel Kelly t/a Gabriel Kelly Insurances; Galway Real Estate Co Limited; General Mortgage Corp (Ire) Limited t/a GMC Mortgages/GMC Life and Pensions; Gerry Burns t/a GA Burns & Associates; Gerry Owens Limited; Gerry Owens; Gerry Ryan trading as Firm Trust Mortgages and Investments; Gogan Insurances Limited; Gold and Silver Investments Limited t/a Gold Investments; Goodbody Stockbrokers; Goresbridge Credit Union Limited; Gowran Insurance Consultants Limited t/a McGowan Insurance; GPR Financial Services Limited t/a Blue Sky Mortgages; Greenhills & District Credit Union Limited; Grove Financial Services Limited; H & R Mortgages Limited; H.C. Private Clients Limited; H.M.P. Property Finance & Pensions Limited; Hackett Financial Services Limited; Hugh McGeady & Company Limited; Hugh McKeon Finance Limited; InAnyEvent Limited; Inchicore and District Credit Union Limited; Independent Mortgage Centre Limited; Inspire Financial Options Limited t/a Inspire Financial, Inspire Financial Options ; John Ellis Insurances Limited t/a Ellis Financial; Irish Leisure Insurance Limited; Island Insurance & Investment Consultants Limited; J&E Davy t/a Davy; Jack Brennan t/a Jack Brennan Financial Services; James Brannigan t/a Atlantic Financial Services; James D Murphy, Ann Murphy and Hilary Murphy t/a JD Murphy Investment Life & Pension Benefits; James D Whelan Insurances Limited t/a JD Whelan & Co Financial Planning; James Gannon; James Hennebray; John "Diony" O'Connor t/a John "Diony" O'Connor Insurance and Investments; Jim Fincane Insurances; Fitzgerald & O'Connor Limited; Joey Browne Money Options Limited; John & Bernie McKenna t/a The Brook Insurance Brokers; John Gannon; Grado Financial Services Limited; John Hartley; John Joseph Hennessy t/a John J. Hennessy Insurance Broker; John Kelly; John O'Brien trading as John O'Brien Financial Services; John O'Mahony t/a Classic Mortgages, O'Mahony Life and Pensions; John O'Regan; John P Ryan t/a John Ryan Auctioneers; John Reynolds Finance Limited; John Smyth; Joseph Martin Tohill t/a Tomac Mortgage Services; Joseph McDonnell t/a JP McDonnell Insurances; JP O'Neill Financial Management Limited t/a Mortgage Solutions; Karl J. Keegan t/a KJK Life and Pensions; Kevin Condon; Kevin McCourt trading as Stapleton Financial Services; Keyman Financial Consultants Limited ; L & F Financial Services; M & A Garvan; Lanesboro-Ballyleague Credit Union Limited ; Leo McCauly t/a First Financial Services; Liam Conroy t/a Mortgage Express; Liam McNamara t/a McNamara & Associates, Mortgage Choices; Limerick CIE Employees Credit Union Ltd; Lynham Insurances Limited; Mark O'Sullivan; Martin Folan t/a Folan Complete Finance; Matt Connor trading as Matt Connor Financial Services; MCH Asset Management Ltd; McKeever & O'Callaghan Insurances Limited; Medisec Ireland Limited t/a Medisec; Mellon Investments Limited t/a Mellon Mortgage Services; Mentone Insurances Limited; Mentor Financial Services Limited; Mongelia Limited t/a Blue Sky Mortgages/TMC Life and Pensions/ TMC General Brokers Limited; Moorhead Financial Services Limited; Mortgage Plaza Limited t/a Mortgage Plaza; Mulholland & Company Limited; Mullingar Financial Services Limited; Nissan Dundalk Limited, Norca Limited t/a EBS Drumcondra/Norca Life and Pensions ; OHC Insurances Limited; Orcona Limited t/a Appleton Motors; OSG Outsource Services Group Limited; Owens McCarthy Limited; Paraic Traenor t/a Paraic Traenor Life & Pensions Limited; Parksome Limited t/a Mortgage, Pension and Investment Services; Pat Moloughney & Company Limited; Paul Kinane Financial Services; Paul Melinn; Peter Hill Financial Services Limited; Philip Manuel Financial Services Limited; Portumna & District Credit Union Limited; Power Lynch and Associates Limited; Prestige Underwriting Services (Ireland) Limited; PTM Castleblaney t/a McGuigan Motors; Public Sector Life & Pensions Limited; Raymond Charles Murphy t/a Financial Concepts; RBL Propert Services Limited T/A RBL Financial Solutions; Retirement Strategies Limited t/a IFG Investment Managers; Richard Barr t/a Malahide Insurance Shop; Richmond Financial Services (RFS) Limited; Roban Insurances Limited t/a Roban Financial & Mortgages; Robert Kelly, Evan Hughes & Jim Dunne t/a Public Sector Retirement Advisors; Roisín Lyons t/a Lyons Financial Services; Ronnie Tanner Life and Pensions; Seamus C Kane; Sean J. O'Connor t/a Sean J. O'Connor Financial Services; Sean O'Carroll t/a O'Carroll Financial; Seán O'Neill Financial Limited t/a Alchemy Financial; Shadal Financial Services Limited; Shane Kavanagh Finance Limited; Sheila Coughlan ; The Finance Partner Limited; The Irish League of Credit Unions; Thomond Underwriting Limited; Tonge General Insurances Limited; Trade Facilitate Limited; Walter Ray McNicholas t/a Ethical Financial, EGF Financial Services Limited; Wealth Management Limited; XS Direct Insurance Limited.

<b>Fund Service Providers</b>	<p>Carne Global Fund Managers (Ireland) Limited, GMO Investment Funds (Ireland) Ltd, Powershares Capital Management (Ireland) Limited and Proxima Alfa Investments (Ireland) Limited Carne Global Fund Managers (Ireland) Limited were all authorized as UCITS Managers.</p> <p>Admiral Administration (Ireland) Limited (administrator), Apex Fund Services (Ireland) Limited (administrator), and SEI Investment &amp; Custodial Services (Ireland) Limited (trustee) were all authorized as Section 10 Firms.</p>
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## Fund Authorisations

165 Funds (including sub-funds) were authorised for the third quarter of 2007. The Net Asset Value of all funds authorised at 30 September 2007 was €810.1 billion compared to €686.5 billion a year earlier.

Funds	Funds	Including Sub-funds
Funds authorised from 1 July 2007 to 30 September 2007	27	165
Funds revoked from 1 July 2007 to 30 September 2007	42	153
Aggregate number of funds authorised to 30 September 2007 (net of revocations)	978	4356

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