

IFSC Clearing House Group 27 November 2014
Government Buildings, 8.30am

MINUTES

Attendance

Minister of State Simon Harris, T.D.	
Martin Fraser (Chair)	D/Taoiseach
Neil Ryan, Gary Tobin	D/Finance
John Murphy	D/Jobs, Enterprise and Innovation
Padraig O’Conaill	Office of the Tánaiste
Patrick Brady	Central Bank of Ireland
Kieran Donoghue, Denis Curran	IDA Ireland
Brian Boyle	Office of the Revenue Commissioners
Pat Lardner	IFIA
Robert Richardson	Pioneer Investments
Tim Hennessy	Axis Capital/ Chair IFSC Insurance WG
Furio Pietribiasi	Mediolanum
Susan Dargan	State Street
Brendan Bruen	FSI
Brian Daly	KPMG
Tony Golden	Citi
Damian Neylin	PwC
Eoin Fitzgerald	Morgan Stanley
Peter Keegan	BAML
Noel Brett	BPFI
Richard Troy	Private Secretary to Minister Harris

Secretariat

Mary Clare O’Sullivan, Maire Flanagan,	D/Taoiseach
David Crowe	

Apologies

Patrick Manley	Zurich
Barry O’Dwyer	Blackrock
Martin Shanahan	IDA Ireland
Ann Nolan	D/Finance
Leo McAdams	Enterprise Ireland

1. Introduction of Minister of State

The Chair welcomed Minister of State Harris to his first meeting of the Group. The Minister thanked members for their contribution to date to developing the international financial services sector in Ireland. He outlined his priorities for his term in office: (1) better public sector co-ordination facilitated by fortnightly meetings of the relevant public sector bodies; (2) the development of a new strategy for the sector and (3) ensuring constructive engagement with industry, including with European industry groupings.

The Minister referred to measures in Budget 2015 of relevance to the sector. He noted that previous work done in shaping the direction of international financial services in Ireland would feed into the new strategy. He referenced the open public consultation process to which members could contribute if they wished. This would be an important tool in ensuring that all interested stakeholders in Ireland and overseas would have an opportunity to provide their views on the strategy which would be action based and implementation

focussed. It is intended that the Strategy will be brought to Government for approval and published in March with a view to its promotion through the programme of St. Patrick's Day Ministerial visits. A key element of the Strategy would be an implementation plan with clear assignment of responsibilities.

Susan Dargan, State Street, welcomed the action oriented approach and the public sector engagement and emphasised the need for a roadmap around next steps including confirmation of key dates and clarity on the level of engagement required from industry.

Minister Harris responded that there were a range of consultation engagements planned including an event at the end of January to which Clearing House Group members would be invited. The Minister also suggested that there was potential for greater coordination in relation to international promotion of the sector and trade missions.

2. Recent developments relevant to the sector including Budget 2015

Gary Tobin, D/Finance, gave an overview on a range of issues relevant to the sector, with particular emphasis on Budget 2015 and the ongoing BEPS process noting that Ireland was represented on all BEPS groups. He encouraged industry to continue to input to the process, especially through European industry bodies. Pat Lardner, IFIA, welcomed the extent of Ireland's involvement in the various BEPS groups noting the importance of Ireland maintaining a strong level of representation at all stages of the BEPS process.

In relation to Budget 2015 and, in particular, its tax measures, Brian Daly noted that from an industry perspective the Budget had included some important and welcome measures. Progress had been made on SARP and non executive director expenses but he suggested that high rates of personal tax remained an issue. He welcomed the BEPS consultation process undertaken by the Department of Finance and emphasised the importance of the tax treaty network suggesting that some of the BEPS proposals in this area might negatively impact on small, open economies like Ireland. Damian Neylin, PWC asked about progress on a possible Common Consolidated Corporate Tax Base. Mr Tobin noted that while this was a long standing item at EU level securing consensus on the details underpinning it did not seem imminent.

3. International Financial Services Strategy

Neil Ryan, D/Finance, gave an overview of the work done so far on the strategy; including a series of consultation events with stakeholders in Ireland, London and Brussels, regular meetings of the Public Sector drafting Group and the launch of the online consultation process. He outlined a draft timeline for the process which included a number of consultation events in December and January.

Susan Dargan, State Street, emphasises the need for the Strategy to reflect the range of issues currently impacting in a concrete way on the development of the industry including visas, the process for establishing funds in Ireland and the legal and regulatory environment. In this content she mentioned the ICAV legislation and loan origination which suggested scope for improvement in the regulatory process. She emphasised Fintech as a particular area of opportunity.

With regard to Fintech, Furio Pietribiasi, Mediolanum, noted that a number of other countries are prioritising this and Ireland needs to accelerate action in this area to ensure we take advantage of opportunities arising from our unique cluster of tech and financial services companies. Tony Golden, Citi, also emphasised the importance of Fintech in enhancing product offerings and increasing Ireland's attractiveness as a location for shared services and R & D centres. Brendan Bruen, FSI, stressed the importance of the allocation of appropriate resources to implement the Strategy as well as during the preparation stage and also enquired about the role envisaged for the Central Bank in the process.

The Minister of State agreed that the implementation plan would require clarity around resource allocation and, while emphasising the independence of the Central Bank as regulator, noted that there may be scope for benchmarking the regulatory process (as opposed to the content or policy approach within regulations) in the context of the development of overall performance indicators for measuring Ireland's performance vis a vis our competitors across a range of variables.

Pat Lardner, IFIA, asked about the measures of success for the Strategy. As a concrete example he highlighted the ongoing legislative process for ICAV which will not now be completed before the end of year. He also noted that while there had been good ideas on loan origination funds, the take up had been low in practice which raised questions about the calibration of the rules. He highlighted the importance of a co-ordinated approach to international engagement in markets such as China in the context of future Ministerial and high level visits. He emphasised that progress must be made in relation to concrete issues like these to ensure industry buy-in for the overall Strategy.

Neil Ryan, D/Finance, responded that the public sector group is currently working with a range of public sector bodies and agencies with a view to identifying data and metrics to measure performance and allow benchmarking on a range of areas.

4. AOB

Susan Dargan, State Street, noted that the ICAV bill and loan origination funds could be used as case studies with a view to assessing what did and did not work with a view to improving future performance. Responding to the issues raised with regard to regulation Patrick Brady, Central Bank invited members to send in any concrete examples where issues had arisen for the Central Bank to consider. Brian Boyle, Revenue Commissioners informed the Group of a consultation on the OECD Common Standard for Automatic Exchange of Financial Account information which would be launched before year end.

The Chair noted that Brendan Bruen, FSI, and Patrick Brady of the Central Bank were both stepping down from the Clearing House Group and thanked them for their respective contributions.

5. Date of next meeting

It was agreed that the next meeting of the Clearing House Group would take the form of a consultative event on the proposed Strategy in late January.