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EUROPEAN COMMISSION  
Financial Stability, Financial Services, and Capital Markets Union DG  
FINANCIAL MARKETS  
Securities markets (C.3)  
2, rue de SPA  
B-1049 Brussels  
BELGIUM

2<sup>nd</sup> May 2017

**Re: Notification under Article 16(11) of Directive 2014/65/EU in respect of Proposed Client Asset Rules.**

Dear Mr Lueder,

In accordance with Article 16(11) of MiFID II, the Department of Finance is requesting European Commission approval for revised Client Asset Regulations (attached) for investment firms.

**Justifications for the proposed Client Asset Regulations**

The Department of Finance, with the support of the Central Bank of Ireland, are of the view that the proposed Client Asset Regulations for Investment Firms are in line with the fundamental principles established in the Directive. The Commission has previously approved Client Asset Regulations submitted by Ireland under MiFID I<sup>1</sup>. The proposed new rules have followed a copy out approach save for the removal of overlaps with client asset level 2 rules (see Annex 1).

The justification for these changes was outlined in the submission on the current client asset rules. In summary, the current as well as proposed rules focus on three objectives:

- a) the maintenance of public confidence in the client asset regime;
- b) the mitigation of the risk of misuse of client assets whether as a result of maladministration or fraud; and
- c) the provision of a system which in the event of a firm's insolvency would enable the expeditious return of client assets to the owner at lowest cost.

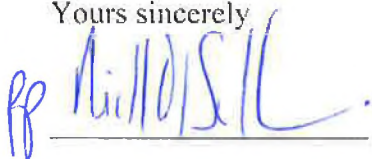
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<sup>1</sup> See letter from Department to the Commission on 14 November 2014 and subsequent emails on same

The Client Asset Rules for Investment Firms will only apply to those investment firms authorised by the Central Bank, therefore they will not be imposed on any investment firm passporting into Ireland. Such investment firms will be subject to Home State supervision in respect of client assets. These Regulations do not apply to branches of other firms from EU Member States operating in Ireland.

The proposed Client Asset Rules will be incorporated into the Central Bank Investment Firm Regulations as part of the Bank's plan to create a single investment firm rulebook.

Yours sincerely



Aidan Carrigan

Assistant Secretary - Funds, Insurance, Markets & Pensions Division

**Annex 1: Comparison Table between current and proposed client asset rules**

<b>Proposed Client Asset Regulations</b>	<b>Previous Corresponding Client Asset Regulation (SI 104 2015)</b>	<b>Status of Proposed Client Asset Requirements</b>
1	1	Amended
2(1)	3(2)(b)	Retained
2(2)	3(3)	Retained
2(3)	3(6)	Retained
2(4)	3(7)	Retained
3(1)	3(8)	Retained
3(2)(a)&(b)	3(9)(a)&(b)	Retained
3(3)	3(11)	Retained
3(4)	3(22)	Retained
3(5)	3(12)(a)	Retained
3(6)(a)&(b)	3(13)	Retained
3(7)	3(15)	Amended
4(1)	N/A	New
4(2)(a)&(b)	3(16)	Retained
4(3)	3(17)	Retained
4(4)	3(18)	Retained
5(1)	4(10)	Retained
5(2)(a)-(c)	4(11)	Retained
5(3)	4(12)	Retained
5(4)	4(14)	Retained
6(1)(a)&(b)	4(15)	Retained
7(1)(a)	4(1)	Amended
7(1)(b)	4(2)	Retained
8(1)(a)-(f)	4(4)	Retained
8(2)(a)-(h)	4(5)	Retained
9(1)	4(3)	Retained
9(2)(a)&(b)	4(8)	Retained
9(3)	4(9)	Retained
10(1)(a)-(c)	4(16)	Retained
10(2)	4(11) (c)	Retained
11(1)	7(12)	Retained
11(1)(a)	7(12)(c)	Retained
12(1)	5(1)	Amended
12(2)	5(2)	Amended
12(3)	5(3)	Amended
12(4)	5(4)	Retained
12(5)	5(6)	Retained
12(6)	5(7)	Retained
12(7)(a)-(d)	5(5)	Retained
13(1)	6(1)	Retained
13(2)	6(2)	Retained
13(3)	6(3)	Retained
13(4)	6(4)	Retained

13(5)	6(7)	Retained
13(6)	6(8)	Retained
14(1)(a)-(c)	7(2)	Amended
14(1)(d)	7(3)(a)-(e)	Retained
14(1)(e)	7(4)	Retained
14(1)(f)	7(5)(a)	Retained
14(1)(g)(i)	7(8)(c)	Retained
14(1)(g)(ii)	N/A	New
14(1)(h)(i)-(ii)	7(9)(a)-(b)	Retained
14(1)(h)(iii)	7(11)	Retained
15(1)(a)-(d)	7(18)(a)-(d)	Retained
15(2)(a)-(e)	7(19)(a)-(e)	Retained
15(3)(a)-(b)	7(21)(a)-(b)	Retained
15(4)	7(22)	Retained
16(1)	N/A	New
16(1)(a)	7(15)(e)	Retained
16(1)(b)	7(15)(f)	Retained
17(1)(a)-(g)	7(16)(a)(g)	Retained
17(1)(h)(i)	7(9)(a)	Retained
17(1)(h)(ii)	7(11)(a)	Retained
17(1)(h)(iii)	7(10)(ii)	Retained
18(1)	8(2)	Retained
18(2)(a)-(d)	N/A	New
18(2)(e)-(m)	8(1)(e)-(j)	Retained
19(1)	8(3)	Retained
19(2)(a)-(b)	8(4) second paragraph	Retained
19(3)(a)-(c)	8(5)	Retained
19(4)(a)-(f)	8(6)(a)-(f)	Retained
19(4)(g)-(o)	N/A	New
20(1)	9(1)	Retained
20(2)(a)	9(2)	Retained
20(2)(b)	9(1)	Retained
20(2)(c)(i)-(iv)	9(3)(a)-(d)	Retained
20(3)	9(5)	Amended
20(4)	9(6)	Retained
20(5)(a)-(b)	9(7)(a)-(b)	Retained
21(1)	5(8) & 6(9)	Retained
22(1)	3(21)	Retained
22(2)(a)-(d)	N/A	New
22(2)(e)	8(4)	Retained
22(2)(f)(i)-(iii)	5(5)(b)-(d)	Retained
22(2)(g)(i)-(iii)	6(6)(b)-(d)	Retained
22(2)(h)	8(4)	Retained
22(3)	3(24)	Retained
23(1)(a)	5(9)	Retained
23(1)(b)	6(10)	Retained
23(1)(c)	9(4)(ii)	Retained
23(1)(d)	9(7)(c)	Retained
23(1)(e)	5(11)	Amended
23(1)(f)	N/A	New

23(1)(g)	N/A	New
23(2)	N/A	New
23(3)	N/A	New
23(4)	N/A	New
24(1)(a)(i)-(ii)	N/A	New