

cc: Jacobo
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APCIMS

EASD
Working for the
Investment Community

25th March 2008

Committee of European Banking Supervisors
CEBS
Floor 18, Tower 42
25 Old Broad Street
London EC2N 1HQ

114 Middlesex Street
London E1 7JH
Tel: +44 (0) 20 7247 7080
Fax: +44 (0) 20 7377 0939
Email: info@apcims.co.uk
Web: www.apcims.co.uk

Dear Sirs

Consultation Paper on Amendments to the Guidelines on Common Reporting

The Association of Private Client Investment Managers and Stockbrokers (APCIMS) is the organisation that represents those firms who act for the private investor and who offer them services that range from no advice or execution only trading through to portfolio management for the high net worth individual. Our 217 member firms operate on more than 500 sites in the UK, Ireland, Isle of Man and Channel Islands, and following the merger of EASD into APCIMS increasingly in other European countries as well. APCIMS members employ 22,000 regulated staff and in 2006 they held over £410 billion of assets on behalf of private investors and undertook in excess of 22 million trades on their behalf.

APCIMS recognizes the desire of large firms reporting to a number of different national regulators within Europe to have common remittance dates and reporting frequency. However APCIMS is concerned that in achieving this objective CEBS has adopted a "one size fits all approach" without having sufficient regard as to what is proportionate and appropriate for smaller firms. We note that the final sentence of paragraph of section 17 indicates that "CEBS is aiming to receive further input on potential alternatives to incorporate the proportionality principle in this analysis".

APCIMS members vary in size from subsidiaries of global banks, listed companies, to small partnerships. Our smallest firm subject to the CRD has two partners and seven staff. Currently solo data BIPRU 730K firms have to submit data within 15 days while for most of our members the deadline is either 20 or 30 days. For consolidated data the current requirement is 45 days. Smaller firms will find it particularly difficult to meet the reduction in time to 15 days in 2011 to submit solo data. Small firms do not have large accountancy resources and staff holidays or illness will make it exceptionally difficult for some firms to meet this deadline without engaging additional accountancy resource, which is expensive. In addition within our industry certain period end routines need to be run in a firm's settlement system to generate the relevant accounting data. The compression of the timetable for submitting data can cause difficulties at certain times of the year (for example at the 5 April the end of the UK tax year) when firms have to process a large amount of data within their settlement system to meet various regulatory deadlines for client reporting in addition to providing accounting information for the preparation of their regulatory returns. Firms may incur additional IT costs in order to meet a 15 day reporting deadline.

We are concerned that CEBS is proposing a 'one size fits all approach' without considering the implication of the proposals for smaller firms. We note the reference in the paper that smaller firms may be able to complete returns less frequently however, of equal or greater importance is the need to establish reporting periods that are reasonable having regard to the limited resources of smaller firms. Our view is that the current requirements strike the correct balance between ensuring the regulator receives periodic reports in a reasonable timescale without placing undue burdens and costs on our members.

We hope the contents of this letter are of interest to you. In the event you wish to clarify any point please do not hesitate to contact us.

Yours faithfully

A handwritten signature in black ink that reads "Ian Cornwall". The signature is written in a cursive style with a small flourish at the end.

Ian Cornwall
Head of UK Regulation