



**Cork
Chamber**
Advancing business together

Cork Financial Services Forum

Response to Funds Sector 2030

Funds Review
Department of Finance
Miesian Plaza
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Ireland

Hand-Delivered

Our ref

15 September 2023

Dear All

Cork Financial Services Forum Response to Funds Sector 2030: A Framework for Open, Resilient and Developing Markets Consultation

We welcome the opportunity to respond to the Funds Sector 2030: A Framework for Open, Resilient and Developing Markets ("**Consultation Paper**").

Who we are

Cork Chamber represents 1,200 members together employing 100,000 people throughout the city, metropolitan area and county. The vision of the Chamber is to be a world-leading Chamber of Commerce, delivering on a progressive economic, social and sustainability agenda at the heart of a vibrant business community.

Cork Financial Services Forum was established in 2008 to drive the advancement of the financial services industry in the region and strengthen partnerships between industry, education and government organisations. Cork Financial Services Forum also promotes Cork as a destination for investment and talent and provides a supportive environment for existing businesses, potential new entrants and their teams. Cork Financial Services Forum is comprised of organisations and businesses that represent the wide depth and breadth of the financial services sector in the Cork region, as well as the local agencies that support the development of economic growth in the region. It is a formal centre with a voluntary Chair and Vice-Chair, representing industry partners with the activities driven and managed by Cork Chamber staff on behalf of the members. A cornerstone of the Cork Financial Services Forum is the advancement of the funds sector in the Cork region.

Financial Services Industry Success in Cork

Of the 52,800 people working in the international financial services sector in Ireland, 40% of all roles are in the regions.

Cork IFS companies employ over 1,800 people with 1,300+ more employed in financial roles in shared services and related audit and financial firms. Over 730 jobs have been created in the financial services sector in the last 18 months including the expansion of existing firms. The sector is supported by strong ICT and cyber clusters complementing new areas of financial services growth.

Cork is home to companies who are active in sub-sectors such as:

- Back Office Processing;
- Fund Administration – Mutual, Hedge, RE & PE;
- Transfer Agency;
- Middle Office Settlements;
- Distribution & Asset Servicing;
- Trustee, Depository;
- Risk & Compliance;
- Financial Reporting & Audit;
- Asset Management Legal Advisers; and
- Asset Management Operations.

Our Industry's Regional Footprint

The regional footprint of the funds and asset management industry in Ireland has continued to grow and develop. Almost half of the counties in the Republic of Ireland now have at least one industry firm office location, and there has been an expansion of almost 40% in the number of office locations outside of Dublin. Some firms now have multiple office locations outside the capital. The industry now employs individuals living in every county in the Republic of Ireland. The recent growth patterns highlight the contribution of the Irish funds and asset management industry to the Irish Government's policy on balanced regional development, with employment outside of Dublin accounting for 38.3% of the total employment in 2020 compared to 27.9% in 2018.¹ The Indecon Assessment of Economic and Cross Sectoral Impacts of the Special Purpose Vehicle Sector published in September 2023 also notes the growing number of full time employees now based in the regions and the contribution of this sector to the economy².

¹ Indecon Impact Assessment Report 2021 - <https://www.irishfunds.ie/in-the-community/regional-spread/>

² Indecon Impact Assessment Report 2023 - https://idsa.ie/wp-content/uploads/2023/09/Indecon-Executive-Summary_SPVs_September-2023.pdf

Preliminary Observations

We endorse the comprehensive review of the funds sector to ensure that this sector can continue to play a crucial role in the expansion of the financial services sector in Ireland and particularly in the regions. We note that one of key objectives of the Consultation is developing a framework within which Ireland can maintain its leading position in fund management and fund servicing and ensuring that the sector continues to support economic activity both at the **regional** and national level in Ireland. As a regional representative body for this industry, we have outlined three key actions in our proposal. We believe the Department of Finance (the "**Department**") should give consideration to each of these actions which we believe can bring widespread benefits to the sector generally and foster economic prosperity, especially at the regional level.

We are generally supportive of the Irish Funds response to the Consultation Paper and support the detailed submissions made in those responses. We have sought to highlight in this submission the elements of the proposals which we feel are most important to continue to support regionalisation. We have set out in our comments in relation to specific questions raised in the Consultation Paper which are relevant to this. We have not provided responses in respect of specific questions which are not of direct relevance to the regional development of the industry. For ease of reference, we have included the relevant questions from the Consultation Paper and addressed each of them in turn.

Requested Actions

Action 1: Regional Presence for the Central Bank of Ireland

The Central Bank of Ireland (the "**Central Bank**") is the regulatory authority responsible for the authorisation and supervision of regulated financial service providers and Irish investment funds. The Central Bank has worked closely with the industry stakeholders to tailor its regulations to accommodate a range of investment products with different structural features. The Central Bank's due consideration of developing industry practice, whilst having regard to its duties to protect investors and promote financial stability, has been characteristic of the robust and energetic regulatory environment for financial services in Ireland. The stability, efficiency and transparency of the Irish regulatory regime are key factors for investors and asset managers considering investing in or distributing financial products in and from Ireland.

The Central Bank has played a pivotal role in the remarkable growth of the funds industry in Ireland. As a prudential but well-informed regulator, it has to date been adequately resourced to handle the industry's increasing demands as a result of its continued growth.

However, to set a benchmark for international best practices and continue to be adequately resourced and attract the best available talent, we believe it is prudent for the Department, in consultation with the Central Bank, to explore the possibility of establishing a regional presence for the Central Bank. The Central Bank has been supportive of regionalisation efforts, evidenced by its regional roadshows³ and outreach visits to places like Mayo, Cork, and Limerick in 2023⁴. While these initiatives have been helpful in promoting the regionalisation of the industry, we believe that establishing a regional presence is imperative to ensure a national regulatory footprint.

³ <https://www.centralbank.ie/regulation/industry-market-sectors/brokers-retail-intermediaries/retail-intermediary-roadshow>

⁴ <http://www.centralbank.ie/events/regional-visit-to-mayo>

In addition to aligning with the government's policy on balanced regional development, there are several compelling reasons why a regional Central Bank presence would benefit the funds sector:

1. **Enhancing Attractiveness:** To promote regions as appealing locations for funds sector firms to set up operations, it's crucial that such firms have regional access to the financial regulator. This is especially pertinent for initial exploratory meetings with the regulator to establish expectations.
2. **Facilitating Workshops:** A regional office would enable the Central Bank to conduct workshops in regional locations, making it more accessible for firms based outside of Dublin to attend.
3. **Regional Representation:** The Indecon Assessment of Economic Impact of the Funds & Asset Management Industry on the Irish Economy⁵ confirms funds activity is being conducted in all 26 counties. Therefore, it would encourage greater participation from regional representatives to actively participate in discussions on regulatory matters affecting the industry with the Central Bank, ensuring that regional perspectives influence the agenda and contribute to the development of legal and regulatory policies.

From a regulatory perspective, there are also substantial benefits:

1. **Representing the Entire Country:** Given that approximately 40% of all employees in the funds sector work outside of Dublin, a regional presence would reflect the Central Bank's role as the financial regulator for the entire Republic of Ireland.
2. **Talent Attraction and Retention:** A regional presence would make the Central Bank more attractive to new talent and provide existing employees with opportunities to work in an office outside of Dublin, thereby enriching the talent pool.

Moreover, this move would align the Central Bank with some of its European counterparts for whom having a regional presence has roundly been recognised as having been a positive enhancement to the regulatory landscape in those jurisdictions. For instance, the UK Financial Conduct Authority ("**FCA**") has regional offices in Leeds, Edinburgh, Cardiff, and Belfast. In their 2023/2024 business plan, the FCA emphasised the importance of a national footprint and highlighted the benefits of a hybrid working model. Nikhil Rathi, Chief Executive of the FCA, stated, "*As a national regulator, it is vital we have a truly national footprint. That means having colleagues in all parts of the UK.*"⁶

Several other European regulators, including the National Securities Market Commission in Spain, the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") in Italy, and the Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") in Germany, have established regional offices, demonstrating their commitment to a national presence and the recruitment of top talent in their respective countries.

Action 2: Increased funding to promote the regionalisation of the sector

As noted above, the funds and asset management industry in Ireland has been very successful in expanding into regional locations over the last decade or so with over 38% of the industry now employed outside Dublin. This was primarily initially driven by second site operations but has been boosted by

⁵ Indecon Impact Assessment Report 2021 - <https://www.irishfunds.ie/in-the-community/regional-spread/>

⁶ <https://www.fca.org.uk/news/press-releases/fca-open-leeds-office-september-100-new-jobs#:~:text=Nikhil%20Rathi%2C%20Chief%20Executive%20of,a%20digital%20and%20tech%20hub.>

new entrants into the market post-Brexit. The regionalisation of financial services is not just the domain of the funds and asset management industry with significant operations in insurance, banking, aviation finance and fintech being based in such locations as Cork, Limerick, Clare, Galway, Donegal and Kilkenny to name but a few.

Specifically in relation to Cork, the existence of a thriving, sustainable and secure local funds and asset management ecosystem has allowed many people to stay and work in Cork as well as attract people from other locations within Ireland and abroad. Since 2008 the Cork Financial Services Forum has been a consistent advocate for Cork Financial Services and the broader macro-economic topic of regionalisation at all levels and has played its part in establishing Cork as the largest financial services centre outside Dublin. This is something that all Cork member companies and the Chamber itself are incredibly proud of and the Cork Financial Services Forum is seen a credible voice for the industry in Cork within Government and Irish Funds.

In light of all of this and to sustain Ireland's sector growth and competitive edge, it's imperative that the industry continues to expand into the regions. The current challenges related to housing and the cost of living are particularly pronounced in the Dublin region and providing alternatives in the form of regional locations is imperative in order to maintain the competitiveness of the Irish funds sector. Therefore, in line with the Department's pillar on regionalisation within the Ireland for Finance action plan, we would ask that supporting funding mechanisms are put in place to allow organisations such as ours build on the great work to date and support the ongoing expansion and evolution of our industry into the future. The funding mechanism could take the form of grants available to support clear employment and profile raising initiatives, such as those in place at Skillnet for training specific initiatives.

The Funds Academy, founded in 2021, is a HCI Pillar 3 joint initiative between MTU and South East Technological University, the aim of which is to enhance the industry in both regions through the creation of bespoke programmes in funds. Thanks to the awarded funding, we have seen a myriad of benefits including the creation of networking opportunities in the region, the onboarding of 80 students onto a bespoke Masters in Investment Fund Administration, and the creation of an introductory Certificate in Regulated Investment Funds aimed at encouraging new entrants into the industry. We would strongly encourage the continued funding and support of such programmes with a view to further realising our regionalisation goals. One further example of further educational opportunities would also be to potentially look at running in-person versions of the investment management specific online courses facilitated by the Institute of Banking in conjunction with Irish Funds.

Action 3: Enhanced Financial Support to Encourage Financial Service Firms to establish operations outside of the greater Dublin region

Recognising the efforts of IDA and Enterprise Ireland, the Cork Financial Services Forum requests greater financial support/government support benefits for fund industry providers to consider establishing themselves outside the greater Dublin area. This support can take multiple forms:

1. Cork, in our experience, is coupled with Dublin when it comes to showcasing sites to entrants to the Irish funds industry. In line with the government program *Ireland 2040* we would like to see greater government body support to champion the ambitions of this program, where it clearly articulates the growth of the nation will be in Cork over the next 15 years.
2. Work collaboratively to design, or adopt current, marketing materials that showcase Cork as Ireland's Second Financial Services Centre.

3. Decentralisation of the Central Bank Supervisory Teams to a regional location would clearly signal to the world that Ireland views our financial services capability as a nationwide activity. Almost all firms default to Dublin because the Authorisation and Supervision departments of the Central Bank are based in Dublin. Location of part of the regulatory body in a regional area would shift the narrative to all advisers to new entrants e.g. law firms, consultants, auditors, that the regulator themselves work outside Dublin, therefore tacitly endorsing a regional location as an option.
4. Taxation and / or grant aids for location outside Dublin would be a positive for start-ups.

Section 2: Investment funds and asset management landscape

1. What policy supports have been most impactful in attracting the funds sector to Ireland and / or the EU in recent decades?

One of the fundamental pillars supporting Ireland's success as an international fund domicile lies in its robust infrastructure development. This has resulted in the creation of a deep talent pool, of highly educated professionals working within the industry and facilitating its ongoing growth. What makes this talent pool particularly attractive to managers is its geographical dispersion across various regions in Ireland, greatly enhancing the country's attractiveness as a jurisdiction for asset managers to establish their operations.

The availability of a highly skilled workforce in Ireland plays a pivotal role in drawing asset managers to establish operations here. Notably, Ireland ranks first in the European Union and fourth globally for the highest proportion of individuals aged 25-34 with a third level qualification (54%). This robust educational foundation is enhanced by specialised post graduate programs such as Diplomas and Masters in asset management subjects offered by regional third level institutions like MTU and UCC. These initiatives exemplify the substantial contribution of third level educational institutions in cultivating and providing a highly skilled workforce essential for the growing asset management sector in this country.

2. What characteristics set Ireland apart from other jurisdictions when selecting a fund's domicile?

The Depth of talent and the Funds Industry in Ireland has a national footprint

Ireland is in a position to offer a highly skilled workforce. Other EU jurisdictions have experienced significant capacity issues regarding the depth of their respective talent pools. Ireland has managed to mitigate this challenge effectively to date. This is largely due to the transformation of the funds industry into a nationwide industry, where market participants are no longer confined solely to Dublin for their operations. In fact, many organisations now maintain multiple office locations across Ireland. The sophisticated infrastructure available at a regional level has been made possible by a political commitment to facilitate the development of Ireland as a leading centre for international financial services on a national level, the work of the regional third level institutions, government supported bodies such as the IDA and Enterprise Ireland and the work of industry groups such as the Cork Financial Services Forum.

A Well Resourced, Prudent and Pragmatic Regulator

The Central Bank is the regulatory authority responsible for the authorisation and supervision of regulated financial service providers and Irish investment funds. The Central Bank's due

consideration of developing industry practice, whilst having regard to its duties to protect investors and promote financial stability, has been characteristic of the robust and energetic regulatory environment for financial services in Ireland. The Central Bank has to date been well resourced to deal with the level of new applications from firms looking to establish operations in Ireland and to continue to provide prudent supervision of the entities regulated by it.

4. **What are the key risks and challenges for the sector in the medium- to long-term and how can they be managed?**

Capacity Constraints / Cost of doing Business

Feedback from asset managers in some other EU jurisdictions highlights a growing concern regarding capacity constraints in terms of the availability of skilled resources within the sector. To ensure that Ireland not only retains but also strengthens its competitive edge, it becomes imperative to bolster efforts to promote the industry beyond the confines of greater Dublin. Facilitating the growth of the industry necessitates the promotion of regional locations as attractive destinations for managers to establish their operations. As emphasised in Action 2 above, maintaining the sector's growth and competitive advantage hinges on its continued expansion into these regions.

It is crucial to provide viable alternatives in the form of regional locations to sustain the competitiveness of the Irish funds sector. In alignment with the Department's regionalisation pillar within the Ireland for Finance action plan, we kindly request consideration for the implementation of supportive funding mechanisms. These mechanisms will empower industry bodies like ours to build upon the progress achieved thus far and actively contribute to the ongoing expansion and evolution of our industry in the regions into the future.

5. **What are the key opportunities for the sector in the medium- to long-term and how can they be delivered?**

The presence of a highly skilled workforce distributed across regions throughout the country positions Ireland to excel as a hub for sustainable finance, fintech, and digital assets. This strategic advantage ensures that Ireland is well-prepared to harness the rising investor demand for such products. Moreover, having a well-resourced regulator with regional accessibility further augments Ireland's appeal as the preferred EU domicile for asset managers. Such a well-resourced regulator can consistently provide prudential regulation and ensure efficient turnaround times for new applications, enhancing the overall offering of Ireland as a funds domicile.

Continued support for third-level institutions, particularly at the regional level, is equally critical. This support enables the industry to continually advance by expanding its skilled workforce and cultivating expertise in technology. This, in turn, empowers the industry to leverage technology for improved operational efficiency, thereby heightening Ireland's attractiveness as a destination for asset management firms.

We strongly recommend that the Department carefully consider each of the three proposed actions outlined by the Cork Financial Services Forum in this submission. We believe that these actions hold the potential to capitalise on these opportunities, delivering widespread benefits to the sector as a whole and fostering economic prosperity, particularly at the regional level.

Section 3: The regulatory and supervisory framework

10. How important is an effective regulatory framework for Ireland to maintain its status as a leading funds domicile?

The Central Bank's due consideration of developing industry practice, whilst having regard to its duties to protect investors and promote financial stability, has been a significant factor influencing market participant's decision to establish funds and operations in Ireland.

As outlined in action 1 above, we believe that establishing a regional presence is imperative to ensure a national regulatory footprint. In addition to aligning with the government's policy on balanced regional development, there are several compelling reasons why a regional Central Bank presence would benefit the funds sector:

- (a) **Enhancing Attractiveness:** To promote regions as appealing locations for funds sector firms to set up operations, it's crucial that such firms have regional access to the financial regulator. This is especially pertinent for initial exploratory meetings with the regulator to establish expectations.
- (b) **Facilitating Workshops:** A regional office would enable the Central Bank to conduct workshops in regional locations, making it more accessible for firms based outside of Dublin to attend.
- (c) **Regional Representation:** It would encourage greater participation from regional representatives to actively participate in discussions on regulatory matters affecting the industry with the Central Bank, ensuring that regional perspectives influence the agenda and contribute to the development of legal and regulatory policies.

From a regulatory perspective, there are also substantial benefits:

- (i) **Representing the Entire Country:** Given that approximately 40% of all employees in the funds sector work outside of Dublin, a regional presence would reflect the Central Bank's role as the financial regulator for the entire Republic of Ireland.
- (ii) **Talent Attraction and Retention:** A regional presence would make the Central Bank more attractive to new talent and provide existing employees with opportunities to work in an office outside of Dublin, thereby enriching the talent pool.

Furthermore, this action would align the Central Bank with some of its European counterparts for whom having a regional presence has roundly been recognised as having been a positive enhancement to the regulatory landscape in those jurisdictions.

Section 4: Assessing the impact of the funds sector

19. Where relevant, detail how your organisation, or the wider sector, contributes to the economy with particular reference to employment, revenues and regional development.

As outlined above, of the 52,800 people working in the international financial services sector in Ireland, approximately 40% of all roles are in the regions.

Cork IFS companies employ over 1,800 people with 1,300+ more employed in financial roles in shared services and related audit and financial firms. Over 730 jobs have been created in the

financial services sector in the last 18 months including the expansion of existing firms. The sector is supported by strong ICT and cyber clusters complementing new areas of financial services growth. This positions the region well as an ideal location for asset management firms to address the opportunities and challenges presented by both the Markets in Crypto-Assets (MiCA) regulation and the Digital Operations Resilience Act (DORA).

Section 8: General

46. **In addition to the matters covered in this public consultation, are there other issues relevant to the Terms of Reference, which you wish to bring to the attention of the Department? Yes**

We recommend that the Department carefully consider the three actions outlined above namely:

- (1) Regional Presence for the Central Bank of Ireland;
- (2) Increased funding to promote the regionalisation of the sector; and
- (3) Enhanced Financial Support to Encourage Financial Service Firms to establish operations outside of the greater Dublin region.

47. **If you have answered “yes”, please provide a brief summary of those issues, providing any information or references to material that you consider relevant to the Terms of Reference and the Department’s work.**

We have outlined these actions above in the section titled "Requested Actions".

48. **This consultation is necessarily wide-ranging. As we would not be able to take forward all proposals immediately, what do you think the top 3 priority proposals should be for government implementation and why?**

From a regionalisation standpoint, we strongly advocate for the Department and the Government to support the three actions outlined in this submission. These initiatives are pivotal in advancing regionalisation, which will ultimately yield significant advantages for the Irish Funds sector on a national scale. We firmly believe that the implementation of these actions will not only confer broad-ranging benefits to the sector as a whole but also contribute to economic prosperity, particularly in the regional context.

Yours faithfully

Cork Financial Services Forum

Conor Healy:	CEO of Cork Chamber of Commerce
Karen Conboy:	Chair of the Cork Financial Services Forum
Eoin Motherway:	Contributor, Member and Former Chair of the Cork Financial Services Forum
David Bennett:	Contributor, Vice Chair of the Cork Financial Services Forum
Donal O'Byrne:	Contributor and Member of the Cork Financial Services Forum
Alan Cuddihy:	Contributor and Member of the Cork Financial Services Forum
Lorna Ryan:	Contributor and Member of the Cork Financial Services Forum

Annex 2: About You

1. **What is your name?**

Name (Required)	
Conor Healy:	CEO of Cork Chamber of Commerce
Karen Conboy:	Chair of the Cork Financial Services Forum
Eoin Motherway:	Contributor, Member and Former Chair of the Cork Financial Services Forum
David Bennett:	Contributor, Vice Chair of the Cork Financial Services Forum
Donal O'Byrne:	Contributor and Member of the Cork Financial Services Forum
Alan Cuddihy:	Contributor and Member of the Cork Financial Services Forum
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2. **What is your email address?**

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3. **I am responding as:**

<input type="checkbox"/>	An individual contributing in a personal capacity
<input checked="" type="checkbox"/>	A representative of an organisation / representative group

4. **If you are responding on behalf of an organisation, please enter your organisation name here:**

Organisation
Cork Financial Services Forum