

Cathal Kelly
International Financial Services
Department of Finance
Government Buildings,
Upper Merrion Street,
Dublin 2 ,
D02 R583

15th October 2019

Dear Mr. Kelly

Please find herewith a submission from CFA (Chartered Financial Analyst®) Society Ireland, the not-for-profit Irish chapter of the CFA Institute. Our mission is to lead the investment profession in Ireland by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. We represent 545 members in Ireland, a growth rate of over 9% per annum over the past five years, while CFA Institute represents over 150,000 members world wide in over 140 countries. We commend the Department, the Minister, and indeed his predecessors, for their work in building Ireland into a very successful financial services industry over the past 30 years. As outlined in your "Ireland for Finance" report, the sector has grown to become a truly national industry with a significant presence across the country in a number of regional locations where 44,000 are now employed which is very close to the target set out in IFS2020. We are proud that Ireland is now the third largest global centre for fund administration with €4.2 trillion worth of assets under administration. In terms of the four pillars of "Ireland for Finance", we believe that CFA Society Ireland has an active role to play in the operating environment, on technology and innovation, on talent and on communications and promotion. Our members work in all aspects of finance and investment in Ireland, with a focus in front office roles. Roles held by our members range from portfolio management to investment analysis to risk managers to consultants to research analysts working in many areas within finance and investment sectors such as banking, investment management, alternative assets, aviation leasing, sustainable finance and consulting. As part of our mission to lead the investment profession in Ireland, our board and volunteers work across three broad strategies, as follow:

1. Develop future professionals

- o This is concerned with the continued growth of the member and candidate base of CFA Society Ireland by building awareness and relationships (through outreach, PR, online) and supporting candidates doing CFA exams (including through scholarships for those not financially able to undertake the exams). As part of this strategy, we have significant interaction with universities where we inform them about the CFA programme and finance roles available in Ireland. We also run two competitions with universities - Research Challenge and the Quantitative Awards. We are liaising with investment managers on an initiative to offer finance jobs to winning students of these competitions. We also take part in induction workshops in companies to inform their new starters about the CFA programme. It is essential to have strongly qualified investment and finance professionals in Ireland in order for this sector to grow.

2. Deliver member value

- o This is charged with the task of delivering and enhancing the CFA Society Ireland member experience through a high-quality events program. We aim to run at least 15 hours of CPD training each year to help our members keep abreast of the many issues facing the investment and finance world. Our flagship event, the CFA Society Ireland Investment Forum, is now established in the Irish investment community and we are delighted to have secured the CFA European Investment Forum for 2020 (see more on this below). We have also run events on Fintech and other new and innovative investment offerings. Networking is a common theme for all our events regardless of the event to ensure that finance professionals

have a chance to meet and build up contacts .

3. Build and promote market integrity

- o This new strategy aims to promote market integrity in Ireland for the ultimate benefit of society. We conducted an ethical decision making session earlier this year and featured a piece at our recent forum on learning from rogue trading and how to improve risk management. We were very pleased to host Josina Kamerling, Head of Regulatory Outreach for CFA Institute for the EMEA region, during the summer where she met with the Central Bank of Ireland and also hosted a dinner with key representatives from a number of large investment management firms, Department of Finance, Irish Funds Industry Association and large institutional investors. Her speech covered ethics, sustainable investment, evolving European financial regulations and Brexit. We hope to have her over later in the year or early next year for a presentation to the wider membership.

The CFA designation, considered to be the highest distinction in the investment management profession, gives charterholders a strong understanding of advanced investment analysis and real -world portfolio management skills. While internationally recognised as the leading qualification in investment management, unfortunately the charter is not recognised in Ireland under the National Framework of Qualifications (NFQ). This is a challenge for some companies moving front office roles to Ireland. Although employees may hold the CFA Charter, the lack of recognition in the NFQ leads to issues with meeting minimum regulatory competences. The CFA qualification was being considered for recognition within the NFQ; however this work was suspended following the rationalisation of bodies into the Quality and Qualifications Ireland (QQI). Following this, we were informed that the QQI did not have a remit to cover international qualifications. Restarting this process of recognition of the charter would assist many of investment companies as outlined in the Strategy.

In CFA Society Ireland, we undertake significant work to represent Ireland on the international stage. During the tenure of Minister Harris, the Minister met the Chief Executive, CFA Institute. Issues were discussed pertaining to the investment industry and IFS2020. In addition, they discussed how to bring international CFA Institute conferences to Ireland. We are delighted this work has been successful. In November 2020, CFA Institute will hold its annual European Investment Conference in Dublin. This is a major event in the CFA Institute calendar which will be attended by more than 600 senior investment professionals from all across Europe, including key decision makers across large investment firms. We are currently working with the CFA Institute on the overall vision for the conference and the speaker line-up. We believe there is a significant opportunity to highlight the attractive features of Ireland as an investment destination to this highly influential audience. The Strategy notes encouraging high level speakers from the Government to attend events where IFS can be highlighted, and we strongly believe this Forum in November 2020 is an excellent opportunity. Support on this from the Department would be much appreciated by CFA Society Ireland and we would be delighted to organise a speaking slot for the Minister at this conference.

Summit Finuas provides support in Ireland to candidates undertaking the CFA qualification from employers on their network. While this is a significant positive for those who access it, many employers are not aware of the supports provided from the network. Additional visibility of this support would drive more ongoing education in the IFS sector. Also as noted above, we provide scholarships to people wishing to undertake the CFA Program without having the financial means to do so. There are also grants available for women in an effort to increase diversity and balance in the financial workforce. We have also run events on diversity and women in finance over recent months to promote the importance of diversity.

Education is something that is very close to our hearts at CFA. Without financial and investment education and qualifications such as the CFA Charter, there will not be enough suitably qualified people to work in this sector in Ireland. CFA is always looking at innovation in financial and investment education.

One good example here is in the area of sustainable finance, where CFA Society UK has recently piloted an ESG (Environment, Social and Governance) certificate programme for people who want to be recognised as leaders and experts in this area. CFA Society Ireland hopes to actively offer this programme in Ireland soon.

Another example which recently secured board approval is a book we are launching for transition year students. For decades, there has been a dearth of personal financial education in Ireland at the vocational level. Some companies have sought to contribute through on line resources or web sites of information for optional use. Individual teachers have brought active learning into the classroom through mock portfolios and interactive tools. Now, CFA Society Ireland is embarking on a unique opportunity to make a tangible difference by sponsoring and co-writing a new textbook and supplementary digital resources for Transition Year teachers that will have guaranteed distribution into all second level schools. With almost 45,000 students annually taking Transition Year, there is the potential to reach hundreds of thousands of people over time and help improve financial literacy and also, hopefully encourage more students to undertake a financial related degree to ensure there is a good supply of financially educated workforce to undertake financial and investment careers.

With respect to the wider points and to ensure Ireland remains a top destination for financial firms to expand here or to be encouraged to established operations here, we would encourage the following:

- We believe that the Special Assignee Relief Programme (SARP) needs to be more competitive in attracting more highly rewarded front office employees.
- We are aware on the regulation front that work is under way with the Minister on a forum for stake holder engagement under IFS 2025. We believe that it is crucial that this forum is put in place urgently. This could be used to prioritise regulatory topics for the Department as they relate to Brussels / European Union. The forum could develop a regulatory agenda to determine which issues are of most interest, relevance and importance to the Irish IFS sector. The primary agenda could be framed annually which may shift in any given year, based on what transpires in the markets and with breaking regulatory initiatives.
- It should be ensured that the regulatory environment is stable and addresses what is poor. With respect to reform of the Irish limited partnership, this needs to be put into legislation urgently. Furthermore, we need a much better framework for similar legislative changes in the future. We've lost over 10 years of business in the private equity space to Luxembourg for example. In a global economy, we are competing against other jurisdictions who are much more agile in getting changes through.
- We need greater recognition and support by government for the financial services sector in general. Sufficient resources should be allocated in the Department to support this sector of over 40 ,000 jobs and the associated significant tax revenues.
- Maintaining a stable tax regime is critical. Ireland simply cannot have budgetary surprises like the recent changes in tax for Irish real estate transactions and funds.
- Further investment in ensuring that infrastructure, especially in the areas of transport and housing, does not become a hindrance to attracting jobs here. Landlordship should be encouraged as a way of ensuring a good supply of houses/rooms along with ensuring adequate hotel room supply and office space (including high rise in certain parts of Dublin). Fast broadband access is also critical to success.
- To ensure an adequate supply of finance professionals, children should be encouraged to take up finance in colleges and to undertake professional exams such as CFA, ACCA , ACA, CA IA etc. Also support from the Department of Education in ensuring finance is taught in schools would

be beneficial.

- Ensure that the Irish Central Bank is well equipped to maintain sufficient supervisory capacity.
- The investment management industry is responsible for managing trillions of dollars on behalf of investors around the world. This responsibility comes with a large duty - to always place our clients' interests above our own. Our value to workers, retirees, communities, and others should be undeniable. We must prove that value, not only by helping our clients achieve their goals but also by being open and honest about the risks, benefits, and costs of the services we provide. When we lead with honesty and transparency, clients will trust us to guide their financial choices. In this respect, policies should be implemented to help make the IFS sector more relatable, more transparent, and more client-led, to help our industry achieve greater success.
- Being able to work successfully without ambiguity is increasingly cited as a critical skill in modern work places. Ethics is at the core of CFA Society Ireland's mission to lead the investment profession. As such, the annual Global Ethics Day should be actively supported by the Department and we would be happy to talk about how the CFA Institute Asset Manager Code and the GIPS Standards can help in this regard.
- The most enduring principle of sound investment management is diversification, yet it is remarkably absent from team composition across all spectrums of the investment profession. Policies could be implemented to help attract and retain more women investment professionals.
- Firms within the IFS sector face a future in which change is accelerating. FinTech and RegTech will inevitably impact the way the industry operates, careers in the IFS sector and client/investor outcomes. The IFS strategy should consider this and assist career switchers / new entrants with the new approaches that will be required to successfully adapt. This new era also presents fresh challenges for regulators and highlights why the evolution of FinTech necessitates a parallel development of RegTech. Firms could also be assisted more in finding a proactive response to regulatory complexity.
- In November 2018, CFA Institute released a position paper on Capital Formation, which explored the evolving role of public and private markets. Our main conclusion was that the new business models engendered by the modern economy and digitalisation had been increasingly looking to private markets to raise capital, thus disregarding public markets as a result. In 24 October 2019, CFA Society Ireland hosted a small roundtable discussion, with a select number of expert practitioners in attendance to discuss this very issue from a local perspective. The main action point here would be to implement policies to improve access to private markets. At this session, we sought to learn:
 - o The extent to which investors already have access to private market investments through existing fund products in Ireland.
 - o Barriers to creating or expanding such access in our local market.
 - o The costs and benefits of different methods of facilitating such access.
 - o Shifting nature of public to private market - what, if any, problems this poses in a local context.

We are very proud of our work in the Irish investment industry and commend the vision shown by the Government in this area. We would welcome the opportunity to discuss some of the challenges outlined about with you in more detail.

Noel Friel CFA
President, CFA Society Ireland