



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Annex 1 to the Consultation Paper 153

Draft Regulations

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Draft Senior Executive Accountability Regime (SEAR) Regulations



S.I. No. of 20XX

**CENTRAL BANK (SUPERVISION AND ENFORCEMENT) ACT 2013
(SECTION 48(1)) (SENIOR EXECUTIVE ACCOUNTABILITY
REGIME) REGULATIONS 20XX**

S.I. No. of 20XX

CENTRAL BANK (SUPERVISION AND ENFORCEMENT) ACT
2013 (SECTION 48(1)) (SENIOR EXECUTIVE
ACCOUNTABILITY REGIME) REGULATIONS 20XX

In exercise of the powers conferred on the Central Bank of Ireland (the “Bank”) by section 48(1) of the Central Bank (Supervision and Enforcement) Act 2013 (No. 26 of 2013) (the “Act”), the Bank, having consulted the Minister for Finance, [the Minister for Enterprise, Jobs and Innovation], and such other persons as the Bank considers appropriate to consult in the circumstances in accordance with section 49(1) of the Act, hereby makes the following regulations:

Citation and Commencement

1. (1) These Regulations may be cited as the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Senior Executive Accountability Regime) Regulations 20xx.

(2) These Regulations come into operation on....XXXX

2. Scope

These Regulations apply to:

- (a) Relevant credit institutions;
- (b) Relevant insurance undertakings;
- (c) Relevant investment firms.

Definitions

3. (1) In these Regulations -

“Act of 2010” means the Central Bank Reform Act 2010;

“Act of 2013” means the Central Bank (Supervision and Enforcement) Act 2013;

“allocated responsibility” means a prescribed responsibility or other responsibility for which a PCF holder will have allocated responsibility within the meaning of Section 53B(1)(b) of the Act of 2010;

“Bank” means the Central Bank of Ireland;

“Board” means the board of directors of the firm;

“client assets” means client funds and client financial instruments;

“firm” means a relevant credit institution, a relevant insurance undertaking or a relevant investment firm;

“governing body” means the Board, or other persons who are directing the business of the regulated financial service provider;

“inherent responsibility” shall be construed in accordance with Regulation 4(1);

“low impact investment firm” means an investment firm that is designated as Low Impact by the Bank under the Bank’s Probability Risk Impact System, and has a written notification from the Bank confirming same;

“management responsibilities map” shall be construed in accordance with Regulation 6;

“MiFID Regulations” means the European Union (Markets in Financial Instruments) Regulations 2017 (MiFID II) [S.I. No. 375 of 2017];

“other responsibility” is a responsibility identified by the firm and that the firm is required to allocate to a PCF holder in accordance with Regulation 7;

“pre-approval controlled function” has the meaning given by Section 18 of the Act of 2010;

“PCF holder” has the same meaning as it has in Section 48(4) of the Act of 2013;

“prescribed responsibility” is a responsibility identified by the Bank that a firm is required to allocate to a PCF holder in accordance with Regulation 5;

"relevant credit institution" means-

(a) a person licensed under Section 9 of the Central Bank Act 1971,

(b) a building society authorised under the Building Societies Act 1989,

(c) a person authorised under Section 9A of the Central Bank Act 1971,

(d) Class 1 investment firms authorised under Part IIA of the 1971 Act;

“relevant insurance undertaking” means -

- (a) a person authorised pursuant to Regulation 24 of the Solvency II Regulations,
- (b) a person who is deemed authorised pursuant to Regulation 13 of the Solvency II Regulations or
- (c) a third country insurance undertaking,

but does not include-

- (a) a reinsurance undertaking,
- (b) a captive insurer,
- (c) a captive reinsurer, or
- (d) a special purpose vehicle;

“relevant investment firm” means an investment firm authorised pursuant to Regulation 8 of the MiFID Regulations or a third country firm that has established a branch pursuant to Regulation 48 of the MiFID Regulations, and to which one or both of the following apply:

- (a) carries out any of the activities referred to in points (3) and (6) of Schedule 1 of Part 1 of the MiFID Regulations;
- (b) is permitted under the terms of its authorisation under the MiFID Regulations to hold client assets;

“Solvency II Regulations” means the European Union (Insurance and Reinsurance) Regulations 2015 [S.I. No. 485 of 2015] (Solvency II Regulations);

“statement of responsibilities” shall be construed in accordance with Regulation 9(1);

“third country branch” means a third country branch of a relevant credit institution, a relevant investment firm or a relevant insurance undertaking.

(2) In this Regulation, “reinsurance undertaking”, “captive insurer”, “captive reinsurer”, “special purpose vehicle” and “third country insurance undertaking” have the same meaning as in Regulation 3 of the Solvency II Regulations.

(3) A word or expression that is used in these Regulations and is also used in the Act of 2013 shall have in these Regulations the same meaning as it has in that Act unless the contrary intention appears.

Inherent Responsibilities

4. (1) The items listed in Column (2) of the table in Schedule 1 of these Regulations are responsibilities that are concerned with aspects of a firm's affairs and in respect of which a PCF holder shall have inherent responsibility for the purposes of Section 53B(1)(a) of the Act of 2010.
- (2) A PCF holder listed in Column 1 of the table in Schedule 1, shall have the corresponding responsibility listed in Column 2 of the table in Schedule 1.

Prescribed Responsibilities to be allocated by the firm

5. (1) The items listed in Schedule 2 of these Regulations are responsibilities concerned with aspects of a firm's affairs.
- (2) Subject to paragraph (3), a firm, other than a low impact investment firm or a third country branch, shall allocate each responsibility in the table in Schedule 2, Part 1 to a PCF holder.
- (3) A firm shall allocate the items listed in points (4), (6), (9), (10), (11), (12) and (13) of the table in Schedule 2, Part 1 to a PCF holder of the type referred to in point (2) or point (3) of the table in Schedule 1.
- (4) A low impact investment firm shall allocate each responsibility in the table in Schedule 2, Part 2 to a PCF holder.
- (5) A third country branch shall allocate each responsibility in the table in Schedule 2, Part 3 to a PCF holder in the third country branch.
- (6) A PCF holder to whom a firm allocates a responsibility referred to in paragraph (1) shall be responsible for the discharge of that responsibility for the purposes of Section 53B(1)(b) of the Act of 2010.

Identification of Areas of Responsibility and Management Responsibilities Maps.

6. (1) A firm shall identify each of the activities, business areas and management functions constituting the overall business of the firm.
- (2) A firm shall establish and maintain a comprehensive and up-to-date single composite document ("the management responsibilities map"), that

describes the firm's management and governance arrangements in respect of the matters identified pursuant to paragraph (1).

(3) Without prejudice to the generality of paragraph (2), the management responsibilities map shall include at least the following information in relation to the firm's management and governance arrangements:

(a) a description of each aspect of the firm's activities, business areas and management functions identified pursuant to paragraph (1) including:

(i) how each aspect operates within the overall business of the firm,

(ii) the reporting lines and the lines of responsibility that apply in relation to each aspect of the firm's activities, business areas and management functions including, how decision-making and governance operate in respect of those matters;

(b) matters reserved for the governing body and how its subcommittees, and other senior level committees, contribute to decision making by the governing body;

(c) an organisation chart illustrating-

(i) where the firm sits within the overall group structure (if applicable),

(ii) how the firm's management and governance arrangements interact with those of the group, including the extent to which such arrangements are provided by, or shared with, other group entities,

(d) in respect of each PCF holder in the firm:

(i) the identity of the PCF holder, details of that person's inherent responsibility, and allocated responsibilities (as applicable), as well as any other responsibility held by that person related to the matters to be set out in accordance with paragraph (a) above;

(ii) a description of the reporting lines of each PCF holder to persons and committees in the firm and, if applicable, to other persons within the corporate group structure;

(e) Where the firm has allocated an allocated responsibility to more than one PCF holder, the firm shall explain its rationale for doing so, together with the arrangements for the effective operation of that joint allocation of responsibility;

(f) where a CF1 within the meaning of Schedule 1 of the Central Bank Reform Act, 2010 (Sections 20 and 22) Regulations, 2011 [S.I. No. 437 of 2011] is identified in the management responsibilities map, the firm shall provide the following information:

- (i) whether the person is an employee of the firm and if not an employee of the firm, the person's status with the firm;
- (ii) any responsibilities the persons may have in relation to other entities in the group;

(g) in respect of each outsourcing arrangement entered into by the firm, the firm shall identify who is responsible for oversight of the outsourcing arrangement;

(h) details of how the matters in (a)-(g) fit together and how they fit into the firm's management and governance arrangements as a whole.

Other Responsibilities to be identified by the firm, and allocated to PCF holder in the firm.

7. (1) In respect of each activity, business area and management function identified by the firm pursuant to Regulation 6(1), where responsibility for an aspect of the firm's activities, business areas or management functions is not already -

(a) allocated to a PCF holder in accordance with Regulation 5(2),(3),(4) or (5), or

(b) inherent to the function(s) performed by the PCF holder in accordance with Regulation 4(2),

the firm shall designate that aspect of the firm's activity, business area or management functions as an 'other responsibility'.

(2) Without prejudice to paragraph (1), where in the interests of the proper and orderly regulation of a firm, the Bank forms the view that a responsibility in respect of an activity, business area or management function is an other responsibility, it may declare by notice in writing served on the firm that the matter is an other responsibility in that firm for the purposes of these Regulations.

(3) The firm shall allocate a responsibility-

(a) designated by the firm as an other responsibility pursuant to paragraph (1), or

(b) declared by the Bank to be an other responsibility in accordance with paragraph (2),

to a PCF holder in the firm.

Allocation

8. (1) A firm shall ensure that a proposed allocation to a PCF holder of an allocated responsibility is consistent with the PCF holder's existing responsibilities.

(2) A firm must make the allocations of prescribed responsibilities and other responsibilities in such a way that it is clear who is responsible for each of the prescribed responsibilities and other responsibilities.

Statement of Responsibilities

9. (1) A firm shall prepare and maintain an up to date statement of responsibilities in respect of each PCF holder in a single standalone document (hereinafter referred to as a “statement of responsibilities”) and it shall include the PCF holder’s-
- (a) inherent responsibilities,
 - (b) the prescribed responsibilities allocated to that person in accordance with Regulation 5(2), and
 - (c) any other responsibility allocated to that person in accordance with Regulation 7(3).

(2) A firm must ensure that any application it makes pursuant to Section 23 and 23A of the 2010 Act, for the prior written approval of the Bank or the ECB, as applicable, to permit a person to be appointed to a pre-approval controlled function, is accompanied by a proposed statement of responsibilities prepared by the firm in respect of such pre-approval controlled function.

10. Submission of information to the Bank

The Bank may require a firm, or a class of firm, to submit to it within a period of time specified by the Bank -

- (a) the management responsibility map relating to the activities of that firm, or
- (b) a statement of responsibility in respect of one or more PCF holders, or all PCF holders performing functions in a firm.

11. Records

- (1) A firm must retain a copy of each version of:
- (a) its management responsibilities map prepared in accordance with Regulation 6; and
 - (b) the statement of responsibilities for each person PCF holder prepared in accordance with Regulation 9,
- for a period of ten years from the date on which the management responsibilities map or the statement of responsibilities, as the case may be, is superseded by a more up-to-date version.

(2) A firm must retain a copy of a former PCF holder’s statement of responsibility for a period of ten years after that person has ceased to be a PCF holder in that firm.

Schedule 1

In this Schedule, the pre-approval controlled functions listed in in column 1 shall have the same meaning as in Schedule 2 of the Central Bank Reform Act, 2010 (Sections 20 and 22) Regulations (S.I. 147 of 2011), and be construed accordingly.

	Inherent Responsibilities	
	Column 1	Column 2
Part 1		
1.	PCF1 Executive director	Directing the business of the firm.
2.	PCF2A Non-executive director	Overseeing and monitoring the strategy and management of the firm.
3.	PCF 2B Independent Non-executive director	Overseeing and monitoring the strategy and management of the firm.
4.	PCF3 Chair of the Board	Chairing meetings of the Board, leading and overseeing its performance.
5.	PCF4 Chair of the audit committee	Chairing meetings of the audit committee, leading and overseeing the committee’s performance.
6.	PCF5 Chair of the risk committee	Chairing meetings of the risk committee, leading and overseeing the committee’s performance.
7.	PCF6 Chair of the remuneration committee	Chairing meetings of the remuneration committee, leading and overseeing the committee’s performance.
8.	PCF7 Chair of the nomination committee	Chairing meetings of the nomination committee, leading and overseeing the committee’s performance.
9.	PCF8 Chief Executive	Overall responsibility for managing and steering the business activities of the firm.
10.	PCF11 Head of Finance	Overall responsibility for managing the financial resources, financial planning and financial reporting of the firm and reporting directly to the Board on financial affairs.
11.	PCF12 Head of Compliance	Overall responsibility for managing the operation of the compliance function and reporting directly to the Board on compliance matters.
12.	PCF13 Head of Internal Audit	Overall responsibility for managing the operation of the firm’s internal audit function and reporting directly to the Board on internal audit matters.
13.	PCF14 Chief Risk Officer	Overall responsibility for managing the firm’s risk function including risk controls, setting and

		managing risk exposures and reporting directly to the Board on risk management matters.
14.	PCF16 Branch Manager of branches established outside the State	Overall responsibility for managing the operations of a branch of the firm located outside of the State.
15.	PCF17 Head of Retail Sales	Overall responsibility for managing the operation of the firm’s retail sales function.
16.	PCF42 Chief Operating Officer	Overall responsibility for managing the internal operations of the firm.
17.	PCF41 Manager of a branch in Ireland of a regulated financial service provider established in a country that is not an EEA country	Overall responsibility for managing the operations of a branch of the firm located in the State.
18.	PCF 49 Chief Information Officer (CIO)	Overall responsibility for managing the firm’s information and use of technology.
19.	PCF 52 Head of Anti-Money Laundering and Counter Terrorist Financing	Overall responsibility for managing the operation of the firm’s anti-money laundering/counter financing of terrorism functions.
Part 2		Investment Firms
20.	PCF 28 Branch Managers in Ireland	Overall responsibility for managing the operations of the branch in the State.
21.	PCF 29 Head of Trading	Overall responsibility for managing the operation of the firm’s trading function.
22.	PCF 30 Chief Investment Officer	Overall responsibility for managing the operation of the firm’s investment functions.
23.	PCF 45 Head of Client Asset Oversight	Overall responsibility for managing the operation of the firm’s client asset function.
Part 3		Insurance Undertakings.
24.	PCF 18: Head of Underwriting	Overall responsibility for managing the operation of the firm’s underwriting function.
25.	PCF 19: Head of Investment	Overall responsibility for managing the operation of the firm’s investment function.
26.	PCF 43: Head of Claims	Overall responsibility for managing the operation of the firm’s claims function.
27.	PCF 48: Head of Actuarial Function	Overall responsibility for managing the operation of the firm’s actuarial function.

		Credit Institutions
28.	PCF21 Head of Treasury	Overall responsibility for managing the operation of the firm's treasury function.
29.	PCF22 Head of Credit	Overall responsibility for managing the operation of the firm's credit function.
30.	PCF23 Head of Asset and Liability Management	Overall responsibility for managing the operation of the firm's asset and liability management function.
31.	PCF50 Head of Material Business Line	Overall responsibility for managing the operation of a material business line at the firm.
32.	PCF51 Head of Market Risk	Overall responsibility for managing the operation of the firm's market risk function.

Schedule 2

Each of the following is a prescribed responsibility for the purpose of this Regulation:

Part 1

General Prescribed Responsibilities	
PR1	Responsibility for the firm’s performance of its obligations under the Senior Executive Accountability Regime.
PR2	Responsibility for the firm’s performance of its obligations under the Fitness and Probity Regime (including certification).
PR3	Responsibility for embedding the conduct standards throughout the firm.
PR4	Responsibility for leading the development of the firm’s culture, including conduct, by the Board as a whole including the implementation of effective conflicts of interest policies and procedures in relation to consumer protection risk.
PR5	Responsibility for adopting the firm’s culture in the day-to-day operation of the firm.
PR6	Responsibility for overseeing the development of, and embedding positive culture, consumer protection and conduct risk into, the firm’s remuneration policies and practices.
PR7	Responsibility for ensuring that action is taken to prevent further harm or detriment to customers where the firm becomes aware that a decision or action taken or failure to act has caused harm or detriment to customers.
PR8	Responsibility to adequately consider the impact of key business initiatives and strategic decisions and to ensure that any necessary changes are made to such initiatives/decisions prior to their implementation to avoid any harm to customers.
PR9	Responsibility for safeguarding the independence of the internal audit function and for oversight of the function and the Head of Internal Audit.
PR10	Responsibility for safeguarding the independence of the compliance function and for oversight of the function and the Head of Compliance.
PR11	Responsibility for safeguarding the independence of the risk function and for oversight of the function and the Chief Risk Officer.
PR12	Responsibility for leading the development and monitoring implementation of effective policies and procedures for succession planning, induction, training and professional development of all members of the Board.
PR13	Responsibility for ensuring the independence, autonomy and effectiveness of the firm’s policies and procedures on whistleblowing.
PR14	Responsibility for monitoring implementation of effective policies and procedures for succession planning, induction, training and professional development of staff.
PR15	Responsibility for developing and maintaining the firm’s recovery plan, the accurate and timely reporting of all information required for recovery and

	resolution purposes, the implementation of measures necessary to achieve the operationalisation of recovery and resolution strategies, and for overseeing the internal processes regarding their governance, including the coordination of the entity’s compliance in those respects.
PR16	Responsibility for managing the firm’s internal stress-tests and ensuring the accuracy and timeliness of information provided to the Central Bank for the purposes of stress-testing.
PR17	Responsibility for the board’s development and maintenance of the firm’s business model.
PR18	Responsibility for managing the calculation and maintenance of the firm’s financial resources including accuracy of capital, funding and liquidity.
PR19	Responsibility for managing the firm’s treasury management functions and associated risks.
PR20	Responsibility for ensuring accuracy, completeness and timely production and submission of the firm’s financial reports and regulatory returns
PR21	Responsibility for developing structures and mechanisms to oversee, monitor, and assess the appropriateness and performance of the firm’s outsourcing framework including outsourcing arrangements and associated outsourcing risks.
PR22	Responsibility for managing the anti-money laundering/ countering the financing of terrorism (‘AML/CFT’) function in order to address the firm’s money laundering and terrorist financing risks including the development, implementation and oversight of a robust AML/CFT framework including, effective systems and controls.
PR23	Responsibility for the firm’s compliance with client asset requirements.
PR24	Responsibility for oversight and governance of the development, design and distribution of products, review of products and sale and post-sale arrangements to ensure fair customer outcomes.
PR25	Responsibility for the development and implementation of Information and Communication Technology (ICT) strategy; ensuring the efficient and secure operation of ICT systems; oversight of delivery of ICT projects; and management and development of ICT resources.
PR26	Responsibility for leading the development of a framework for and monitoring the implementation of the conduct requirements including ensuring accuracy, completeness and timely production and submission of the firm’s conduct information.
PR27	Responsibility for developing an internal audit charter, developing a risk based audit plan with appropriate and timely actions and reporting taken in relation to audit findings.
PR 28	Responsibility for managing the firm’s approach to identifying, assessing and managing climate-related and environmental risks across the firm.

PR 29	Responsibility for overseeing the adoption of the firm’s policy on diversity and inclusion.
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Sector or circumstance specific responsibilities	
	Credit Institutions
PR 30	Responsibility for overseeing the credit granting process for new, renewal and re-financing of existing credits, providing challenge in relation to all aspects of current and proposed credit risk exposures, providing comprehensive and timely information to senior management and credit committee on the firm’s adherence to policies, guidelines, procedures and limits.
	Insurance Undertakings
PR 31	Responsibility for developing and implementing the insurance undertaking’s reinsurance/retrocession programme.
PR 32	Responsibility for implementing the ORSA process in the insurance undertaking.
PR 33	Responsibility for ensuring that appropriate independent validation of the technical provisions is conducted in the insurance undertaking.
	Circumstance specific responsibilities
PR 34	Where the firm carries out proprietary trading, responsibility for the firm’s proprietary trading activities.
PR 35	Where the firm does not have a CRO, responsibility for the compliance of the firm’s risk management systems, policies and procedures.
PR 36	Where the firm outsources its internal audit function, responsibility for taking reasonable steps to ensure that every person involved in the performance of that function is independent from the persons who perform external audit
PR37	Where the firm has established a specific steering committee to address regulatory matters, responsibility for managing the operation of the committee and for providing comprehensive and timely reporting to senior management and to the board.

Part 2

Prescribed Responsibilities in the application of proportionality to low impact in-scope MiFID Investment Firms

	General Prescribed Responsibilities
PR1	Responsibility for the firm’s performance of its obligations under the Senior Executive Accountability Regime.
PR2	Responsibility for the firm’s performance of its obligations under the Fitness & Probity regime (including certification).
PR3	Responsibility for embedding the conduct standards throughout the firm.
PR4	Responsibility for leading the development of the firm’s culture, including conduct, by the Board as a whole including the implementation of effective conflicts of interest policies and procedures in relation to consumer protection risk.
PR10	Responsibility for safeguarding the independence of the compliance function and for oversight of the function and the Head of Compliance.
PR14	Responsibility for leading the development and monitoring implementation of effective policies and procedures for succession planning, induction, training and professional development of all members of the Board.
PR18	Responsibility for managing the calculation and maintenance of the firm’s financial resources including accuracy of capital, funding and liquidity.
PR20	Responsibility for ensuring accuracy, completeness and timely production and submission of the firm’s financial reports and regulatory returns.
PR22	Responsibility for managing the anti-money laundering/ countering the financing of terrorism (‘AML/CFT’) function in order to address the firm’s money laundering and terrorist financing risks including the development, implementation and oversight of a robust AML/CFT framework including, effective systems and controls.
PR23	Responsibility for the firm’s compliance with client asset requirements.
PR24	Responsibility for oversight and governance of the development, design and distribution of products, review of products and sale and post-sale arrangements to ensure fair customer outcomes.
PR25	Responsibility for the development and implementation of Information and Communication Technology (ICT) strategy; ensuring the efficient and secure operation of ICT systems; oversight of delivery of ICT projects; and management and development of ICT resources.

Part 3

Incoming third country branches

Prescribed Responsibilities for incoming Third Country Branches	
PR1	Responsibility for the Third Country Branch’s performance of its obligations under the Senior Executive Accountability Regime.
PR2	Responsibility for the Third Country Branch’s performance of its obligations under the Fitness and Probity Regime (including certification).
PR3	Responsibility for the Third Country Branch's embedding the conduct standards throughout the firm.
PR4	Responsibility for managing the anti-money laundering/ countering the financing of terrorism (‘AML/CFT’) function in order to address the Third Country Branch’s money laundering and terrorist financing risks including the development, implementation and oversight of a robust AML/CFT framework including effective systems and controls.
PR5	Responsibility for the Third Country Branch’s compliance with client asset requirements.
PR6	Responsibility for ensuring that the Third Country Branch has effective processes in place to identify and manage the risks to which the Third Country Branch is or might be exposed.
PR7	Responsibility for monitoring, and on a regular basis assessing, the adequacy and effectiveness of measures and procedures put in place by the Third Country Branch to comply with its regulatory and supervisory obligations, as well as associated risks.
PR8	Responsibility for the escalation of correspondence from the Central Bank and other regulators in respect of the Third Country Branch to the board of the Third Country Branch or, where appropriate, of the parent undertaking or holding companies of the Third Country Branch’s group.
PR9	Responsibility for ensuring that the internal control framework is effective.
PR10	Responsibility for management of the Third Country Branch’s capital and liquidity or, where relevant, the submission of information to the Central Bank/relevant competent authority on the Third Country Branch’s capital and liquidity position.
PR11	Responsibility for ensuring accuracy, completeness and timely production and submission of the Third Country Branch’s financial reports and regulatory returns.
PR12	Responsibility for the development and maintenance of the Third Country Branch’s business model by the board.
PR 13	Responsibility for managing the Operational Risk within the Third Country Branch.

Signed for and on behalf of the
CENTRAL BANK OF IRELAND

on this the [] day of []

[]

Draft Certification Regulations



STATUTORY INSTRUMENTS.

S.I. No. of 20XX

CENTRAL BANK REFORM ACT 2010 (SECTION 21(6))
REGULATIONS 20XX

S.I. No. of 20XX

CENTRAL BANK REFORM ACT 2010 (SECTION 21(6))
REGULATIONS 20XX

Introductory Text

In exercise of the powers conferred on the Central Bank of Ireland (“the Bank”) by section 21(6) of the Central Bank Reform Act 2010, the Bank hereby makes the following regulations:

Citation

1. These Regulations may be cited as the Central Bank Reform Act 2010 (Sections 21(6)) Regulations 2011.
2. These Regulations come into operation on...[XX]

Scope

3. These Regulations apply to all regulated financial service providers and holding companies to which Part 3 of the Act applies.

Interpretation

4. An expression used in these Regulations and also used in the Act has, unless the contrary intention appears, the same meaning in these Regulations as in the Act.
5. In these Regulations, unless the context otherwise requires:
 - (a) Certificate of compliance shall be construed in accordance with Regulation 6 of these Regulations.
 - (b) "the Act" means the Central Bank Reform Act 2010.
 - (c) “disciplinary action” means the issuing of a formal written warning to a person, the suspension or dismissal of a person or, the reduction or recovery of any of a person’s remuneration.

Circumstances triggering a requirement to certify that a person is compliant with standards of fitness and probity, and the period of validity of such certification

6.
 - (a) Where a regulated financial service provider or holding company is satisfied on reasonable grounds that a person performing a controlled function, or proposing to perform a

controlled function in that regulated financial service provider or holding company:

- (i) complies with any standard of fitness and probity issued under section 50 of the Act and which is applicable to that person; and
- (ii) agrees in writing to comply with such standard of fitness and probity and to notify the regulated financial service provider or holding company without delay if for any reason he or she no longer complies with such standard of fitness and probity.

The regulated financial service provider or holding company is required to issue a certificate of compliance in respect of that person .

- (b) A regulated financial service provider or holding company shall issue the certificate of compliance referred to in (a) in respect of each controlled function performed by the person prior to the appointment of a person to perform that controlled function
- (c) The referred to certificate of compliance in (a) shall contain a statement that the regulated financial service provider or holding company is satisfied that the person complies with any standard of fitness and probity issues under section 50 of the Act.
- (d) An entity which becomes a regulated financial service provider or holding company shall issue the certificate of compliance referred to in (a) in respect of each controlled function performed by the person within 5 days of becoming a regulated financial service provider or holding company or as otherwise agreed with the Central Bank.
- (e) Where a regulated financial service provider or holding company has already issued a certificate of compliance in accordance with paragraph (a), and the person who is the subject of the certificate of compliance is proposed to perform one or more further controlled functions, the regulated financial service provider or holding company shall update the existing certificate of compliance where satisfied as to the matters in paragraph (a)(i) and (ii).
- (f) A certification of compliance shall be valid for a period of 12 months beginning from the date of issue.
- (g) Within two months of the [coming into operation] of these Regulations, regulated financial service providers [and holding companies] are required to [issue/give] a certificate of compliance pursuant to (a) of this regulation. .

Procedures, systems and controls to be adopted and checks to be performed by regulated financial service providers and holding companies

7. For the purposes of giving a certificate of compliance, a regulated financial services provider or holding company is required to identify and maintain a record of:
- (a) the particular controlled function(s) held by each person performing a controlled function;
 - (b) aspects of the affairs of the regulated financial service provider or holding company in which a person performing the controlled function will be involved;
 - (c) the basis on which the regulated financial services provider or holding company is satisfied that a person performing a controlled function meets any standards of fitness; and
 - (d) any outsourcing arrangement where the outsourcing arrangement involves the performance of a controlled function and the outsourced service provider is a person who is not a regulated financial service provider or a certified person within the meaning of section 55 of the Investment Intermediaries Act 1995.

Record keeping

8. A regulated financial service provider or holding company must maintain all information and documentation relied upon in relation to the certification that a person complies with any standard of fitness and probity for a minimum of 6 years after that person has ceased to perform the controlled function on behalf of the regulated financial service provider.

Disciplinary Action

9. A regulated financial service provider or holding company must report to the Central Bank disciplinary action taken against a person performing a controlled function where that disciplinary action is relevant to compliance with the Fitness and Probity Standards, in particular, disciplinary action relating to breach of a provision of the additional conduct standards, the common conduct standards, or any other provision of financial services legislation.

Reporting of information by regulated financial service providers or holding companies to the Bank in relation to their obligations

10. A regulated financial service provider or holding company shall submit to the Bank on an annual basis:

- (a) confirmation of the completion of the certification process in respect of each person performing a pre-approval controlled function in the regulated financial service provider or holding company; and
 - (b) confirmation of the completion of the certification process in respect of all persons performing a controlled function for the regulated financial service provider or holding company.
11. In circumstances where a regulated financial service provider or holding company has revoked, or decided not to renew a certificate of compliance, in whole or in part, because the requirements in Regulation 6(a) have not been met, the regulated financial service provider or holding company shall notify the Bank of that decision.

Signed for and on behalf of the

CENTRAL BANK OF IRELAND

on this the [] day of []

[]

Draft Holding Companies Regulations



S.I. No. X of 20XX

**CENTRAL BANK REFORM ACT 2010 (SECTIONS 20(1) AND
22(2A) – HOLDING COMPANIES)**

REGULATIONS 20XX

S.I. No. X of 20XX**CENTRAL BANK REFORM ACT 2010 (SECTIONS 20(1) AND
22(2A) – HOLDING COMPANIES)
REGULATIONS 20XX**

In exercise of the powers conferred on the Central Bank of Ireland (“the Bank”) by section 20(1) and section 22(2A) of the Central Bank Reform Act 2010 the Bank hereby makes the following regulations:

1. These Regulations may be cited as the Central Bank Reform Act 2010 (Sections 20(1) and 22(2A) – Holding Company) Regulations 2023.
2. These Regulations apply in relation to holding companies within the meaning of the section 18 of the Central Bank Reform Act 2010.
3. Subject to Regulations 5 to 12, the functions in Schedule 1 of these Regulations are prescribed as controlled functions.
4. Subject to Regulations 5 to 12, the controlled functions in Schedule 2 of these Regulations are prescribed as pre-approval controlled functions.
5. References in these Regulations to a controlled function shall be taken to include a part of a controlled function unless the context otherwise requires.
6. References to a title commonly used for a person who performs a function shall be taken to refer to the functions commonly performed by a person of such title.

7. A person who performs a function shall be taken to be responsible for the performance of such function notwithstanding that the person in question does not have the title commonly used by a person who performs such function.
8. A person who performs a function of the holder of an office or position shall be taken to be responsible for the performance of such function notwithstanding that the person in question is not the holder of such office or position.
9. (1) A person shall be taken to perform a function where the holding company or a person or persons in the holding company are, with respect to that function, accustomed to act in accordance with the directions or instruction of the person in question.

(2) Paragraph (1) shall not be taken to include a person in accordance with whose instruction a person is accustomed to act by reason only that such person does so on advice given by the person in question in a professional capacity.
10. A person (the ‘temporary officer’) shall not be taken to be responsible for the performance of a pre-approval controlled function solely as a result of the temporary officer being responsible for the performance of such function on a temporary basis pending the holding company appointing a person to perform such pre-approval controlled function, provided such temporary officer performs such function under an arrangement agreed in writing with the Bank in advance of the person in question assuming such responsibility as a temporary officer.
11. A function is and shall remain prescribed as a controlled function notwithstanding that such function, or part thereof, is comprised within a function, or part thereof, prescribed as a pre-approval controlled function.

12. Where the Bank approves the appointment of a person to perform a pre-approval controlled function then, unless expressly stated otherwise in the approval in writing, the person shall be so approved to perform the function in or on behalf of the holding company or holding companies named in the application for approval and not in or on behalf of any other holding company or any other regulated financial service provider.

Schedule 1

Controlled Functions in respect of Holding Company

The following functions are controlled functions for the purposes of these regulations:

1. A function in relation to the provision of a financial service which is likely to enable the person responsible for its performance to exercise a significant influence on the conduct of the affairs of a holding company. ([Number])

2. A function in relation to the provision of a financial service which is related to ensuring, controlling or monitoring compliance by a holding company with its relevant obligations. ([Number])

Schedule 2

Pre-Approval Controlled Functions in respect of holding companies

A person who holds or performs the duties of any of the following positions or offices in the holding company:

- (a) the office of chairman of the board of the holding company ([Number]),
- (b) the office of director¹ of the holding company ([Number]).

Signed for and on behalf of the
CENTRAL BANK OF IRELAND
on this the [] day of []

[]

¹ Shall be taken to include a reference to shadow director as defined by the Companies Act.

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