

19 May 2011.

Governance, Accounting and Auditing Policy Division,
Policy and Risk Directorate,
Central Bank of Ireland,
PO Box 559,
College Green,
Dublin 2.

Re: Response to Consultation Paper CP 51- The Fit and Proper Regime in Part 3 of the Central Bank Reform Act 2010 (CP51)

Dear Sir/ Madam,

Firstly, we welcome the opportunity to respond to you in respect of CP51. The following matters are areas which we would appreciate further guidance/clarification from the Central Bank.

List of Pre Controlled Functions

We understand that we have to submit a list of pre controlled functions, approved by our Board, to the Central Bank by 31 December, 2011. Please confirm if this will be an annual requirement in the Regulations going forward.

Controlled Function definition

The definition provided in CP51 of 'Controlled Function' is very broad. For example on page 10, it provides for 'the giving of advice or assistance to a customer of the regulated financial service provider in the course of providing, or in relation to the provision of, the financial service'. This definition is very broad and would entail a large amount of low risk employees within our organisation.

The Central Bank has provided clear guidance on what positions constitute a 'pre approval controlled function'. We would ask you to consider if it is possible to provide appropriate guidance for 'controlled functions' also.

In response to your questions on page 16 of the Consultation paper, we do agree that specific categories of employees should be exempt from the definition of a controlled function. We would consider that staffing levels below manager/team leader in an organisation should be exempt from the definition of a controlled function as these staffing levels are 'lower risk' categories. Whilst we acknowledge that these roles provide advice and assistance to customers, the scope and ambit of their roles are of far lesser significance than managers/team leaders. Non statutory guidance could detail the necessary procedures to be in place for lower risk staff who are promoted to the level of team leader/manager, that they would be immediately subject to the fitness and probity requirements for a controlled function.

We would welcome non statutory guidance on what the Central Bank of Ireland considers to be appropriate in terms of due diligence for roles with lower risk profiles so that we have a clear understanding of the level of investigation and due diligence required to be conducted and information on the minimum standards to be met in terms of fitness and probity. This non statutory guidance would also prove invaluable in terms of our recruitment policy and the training of existing staff members.

Additionally, we refer to page 11(8) (b) where it provides for situations where an individual remains a controlled function. For example can be 'carried on at the office or location of another person, whether or not the other person is a regulated financial service provider'. Further clarity is needed for international businesses to determine the extent of who meets the criteria of a controlled function outside of Ireland e.g. sales activities conducted by third parties.

Outsourcing

We would welcome further guidance on the issue of services that are outsourced by institutions but are classed as a controlled function (CF) or a pre-approval controlled function (PCF). In particular, we would like confirmation on the following matters:

- What level of due diligence will be required to be carried out by Institutions in respect of individuals in the outsourced firm?
- What level of ongoing supervision will be deemed necessary by Institutions to meet the obligations under the proposed regime?

Regulated Financial Services Provider

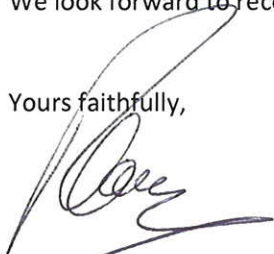
We note that there is no clear definition of what constitutes a regulated financial services provider in the consultation paper. We would welcome a clear definition of a 'regulated financial services provider' to be included in the final Regulations for clarity.

Employment Law considerations

According to the Central Bank Reform Act 2010, a suspension notice [section 27(4)] or prohibition notice [section 43(11)] does not alter the rights of any person to remuneration or benefits and provides that those rights will be determined in accordance with the relevant obligations. We would appreciate further guidance on this issue for employers on this matter.

We look forward to receiving a response from the consultation team in due course.

Yours faithfully,



Paul Gillett
Chief Executive Officer
Generali PanEurope Limited