



Banc Ceannais na hÉireann  
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# Feedback Statement on the Consultation Paper on the Review of the Corporate Governance Code for Credit Institutions and Insurance Undertakings (CP 69)



## INTRODUCTION

1. On 1 August 2013 the Central Bank of Ireland (the “Central Bank”) published Consultation Paper CP 69 (‘CP 69’) on proposed revisions to the Corporate Governance Code for Credit Institutions and Insurance Undertakings (the ‘Code’).
2. The Code became effective on 1 January 2011 and sets out minimum statutory requirements regarding how credit institutions and insurance undertakings should organise the governance of their institutions. The key objective of the Code is to facilitate good corporate governance in those institutions which fall within its remit.
3. The consultation paper set out a series of proposed amendments in such areas as the composition of the risk committee, the board sub-committees and more generally, the requirements on the Chairman and the Chief Executive Officer. The consultation paper also set out a proposed new section on the role and responsibilities of the Chief Risk Officer, among other proposed amendments. Further, the paper sought comments on issues including board composition, board meeting requirements and the limits on the number of directorships permitted for directors of institutions.
4. The closing date for receipt of comments was 1 October 2013 and 26 responses were received. The responses received can be broken down as follows:

• Industry bodies	7
• Insurance firms	6
• Legal/Accountancy firms	5
• Individuals/other	4
• Intermediary firms	2
• Banks	2

Individual responses are available on the Central Bank’s website.
5. The Central Bank has considered the responses received to CP 69 and where appropriate has taken on board specific feedback, particularly in relation to the development of Section 12 in relation to the Chief Risk Officer, the required minimum number of board meetings per year and the cross-memberships between key sub-committees of the board.
6. This paper summarises the responses received to CP 69 and outlines the Central Bank’s considered decisions. It addresses the sections on which 10% or more respondents commented or where a comment was received that has resulted in a change to the text of the Code.
7. Appendix 1 lists the sections that have been amended in the Code.

8. This feedback statement is being published at the same time as the Corporate Governance Code for Credit Institutions and Insurance Undertakings (2013).
9. The Corporate Governance Code for Credit Institutions and Insurance Undertakings (2013) will be effective from 1 January 2015. This feedback statement is published to promote understanding of the policy formation process within the Central Bank and is not relevant to assessing compliance with regulatory requirements.
10. Finally, the Central Bank is grateful to all parties who responded to CP 69 and wishes to thank them for their contributions.

Underlined text represents text that has been amended in, deleted from or added to the existing Corporate Governance Code for Credit Institutions and Insurance Undertakings.

The following sections (1 –3) discuss comments received on specific areas where feedback was requested.

SPECIFIC AREAS WHERE COMMENTS WERE REQUESTED					
No.	CP 69 Ref.	Specific area for comment	Number of respondents	Summary of comments	Central Bank response
1	Introduction page 12	<b>Diversity requirements</b> The Central Bank sought feedback as to whether a provision in relation to diversity requirements should be introduced in the Code and, if so, the nature of any such requirement.	18	<ul style="list-style-type: none"> <li>• There was broad support for the principle of diversity in the boardroom.</li> <li>• It was noted that gender is only one factor in the context of board selection.</li> <li>• Generally there was no support for a prescriptive approach such as quotas or targets to be applied or mandated by the Code. Some respondents commented that it is important not to undermine the calibre of directors in favour of fulfilling quota requirements.</li> <li>• One respondent stated that it currently meets the voluntary target of 25% female board members recommended by the Davies report (UK).<sup>1</sup></li> </ul>	<p>Diversity in the boardroom has been the subject of much discussion internationally and the Central Bank is of the view that the revision of the Code presents a timely opportunity to reflect its view that institutions should establish a diversity policy for consideration in future board appointments. Thus, it was decided to insert a new provision in Section 14.9 (Appointments) as follows:</p> <p><u>The board, or nomination committee where one exists, shall establish a written policy on diversity with regard to selection of persons for nomination to become members of the board.</u></p>

<sup>1</sup> The Davies report – ‘Women on boards, February 2011’.

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No.	CP 69 Ref.	Specific area for comment	Number of respondents	Summary of comments	Central Bank response
2	Introduction page 13	<p><b>Appropriateness of directorship limits</b>                      Section 7.8 of the Code requires that the number of directorships held by directors of credit institutions and insurance undertakings shall not exceed five for non-high impact institutions and three for high impact institutions and that the number of directorships of other entities shall not exceed eight for non-high impact institutions and five for high impact institutions.</p>	14	<ul style="list-style-type: none"> <li>• There was some support for the existing requirements with respondents stating that the limits are appropriate and have worked well.</li> <li>• Some respondents had the following criticisms of the directorship limits, stating that:                             <ul style="list-style-type: none"> <li>○ the limits may have the effect of limiting the supply of suitable directors and may create a barrier to the movement between regulated sectors and High and Non-High Impact institutions;</li> <li>○ there should be no limits on the number of directorships;</li> <li>○ a director will require less time in a run-off company thus consideration should be given to the appropriate limits in these types of scenarios; and</li> <li>○ the restriction on limits is disproportionate to nature, scale and complexity of quasi-captive companies.</li> </ul> </li> </ul>	<p>This requirement was retained without amendment since, in the main, respondents were supportive of the directorship limits in the current Code and the Central Bank is of the view that the current limits are appropriate.</p> <p>The intention of limits on directorships is to ensure directors have adequate time to discharge their responsibilities. Institutions may apply to the Central Bank for an exemption from these limits for individual directors where individual circumstances merit such an exemption.</p>

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No.	CP 69 Ref.	Specific area for comment	Number of respondents	Summary of comments	Central Bank response
3	Introduction page 8	<p><b>Board meeting frequency for High Impact institutions</b></p> <p>Appendix 1 section 16.1 requires for High Impact institutions that the board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the institution. In any event, the board shall meet at least 11 times during any calendar year and at least once per calendar month for 11 months of the year.</p>	10	<ul style="list-style-type: none"> <li>• The majority of respondents were of the view that this requirement was disproportionate.</li> <li>• A number of respondents noted that the requirement may blur the responsibilities of the board and senior management and that there is a risk that directors may become overfamiliar with the business resulting in a loss of independence.</li> <li>• It was suggested that such a high frequency of board meetings may not properly correspond with institutions business needs for meeting frequency.</li> <li>• A number of respondents noted that the time commitments required for non-local non-executive directors ('NEDs') and independent non-executive directors ('INEDS') is significant and may discourage potential future board members.</li> <li>• The majority of respondents requested that the minimum frequency of board meetings be reduced to six meetings per year.</li> </ul>	<p>In response to comments received and in recognition of the fact that the requirement to hold 11 meetings per annum may impose an administrative burden on directors and senior managers (both in preparing for the next meeting and travel time commitments for non-local directors), the Central Bank reconsidered the requirement for boards to meet at least 11 times during the calendar year. The Central Bank has concluded that the requirement should be reduced to a minimum of six meetings per annum.</p> <p>The provision in Appendix 1 section 16.1 now states:  <u>The board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the institution. In any event, the board shall meet at least six times during any calendar year, of which three meetings shall be held in every six month period. The Central Bank reserves the right to require an institution to increase the frequency of its board meetings should it deem this necessary.</u></p> <p>The following question will be included in the Frequently Asked Questions('FAQ') document:</p>

					<p><b>Q: Can a High Impact institution reduce the frequency of its board meetings from the 1st January 2015?</b></p> <p>A: A High Impact institution may reduce the annual frequency of its board meetings from the 1<sup>st</sup> January 2015, in accordance with section 16.1 of Appendix 1 of the Code. Prior to making any such reduction in meeting frequency, institutions should consider what the appropriate frequency of board meetings is for their institution.</p>
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The following sections (4 – 33) discuss comments received on specific sections of CP 69.

<b>SECTION 1 SCOPE</b>					
<b>No.</b>	<b>CP 69 Ref.</b>	<b>Proposed Obligation per CP 69</b>	<b>Number of respondents</b>	<b>Summary of key comments</b>	<b>Central Bank response</b>
4	1.4	<u>On a case by case basis, the Central Bank will consider requests from institutions which are in the process of run-off to dis-apply certain parts of the Code.</u>	5	<ul style="list-style-type: none"> <li>• There was some support for the proposed change.</li> <li>• It was suggested that the dis-application should apply to all in-scope institutions, not just those in run-off.</li> <li>• One respondent suggested that the Code specifies that derogation requests will be considered by the Central Bank.</li> </ul>	This proposed requirement is not a rule but rather it is guidance and as such the Central Bank decided that this statement is more appropriately placed in the FAQ.



SECTION 2 DEFINITIONS					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of key comments	Central Bank response
5	2	<p><b>Group Director:</b> A director of an institution who would satisfy the criteria for director independence except for existing relationships with the institution’s direct or indirect parent and/or any other direct or indirect subsidiary of such parent other than the institution. <u>A Group Director may be an executive or a non-executive from within the group.</u></p>	5	<ul style="list-style-type: none"> <li>• It was noted that:                             <ul style="list-style-type: none"> <li>○ The reference to ‘executive or a non-executive’ vis-à-vis a group director is potentially confusing.</li> <li>○ The terms that are used to describe different types of directors are potentially confusing as some of these terms can be mixed.</li> </ul> </li> </ul>	<p>Respondents commented that the definition of group director is confusing, notwithstanding the proposed amendment. The proposed definition was therefore amended to provide more clarity with regard to the definition of Group director.</p> <p>The definition of Group Director now states:</p> <p><u>A group director may be an executive, an executive director, a non-executive director or an independent non-executive director of an entity within the group.</u></p> <p>The following question will be included in the FAQ document for the same purpose:</p> <p><b>Q: Is a group director considered a NED?</b></p> <p>A: A group director is considered to be a non-executive director for the purposes of the provisions of the Code relating to non-executive directors.</p>

SECTION 3 LEGAL BASIS					
No.	CP 69 Ref.	Proposed Obligation per CP 69	No of respondents	Summary of key comments	Central Bank response
6	3.6	<p>This Code is imposed in addition to, and shall not affect, any other corporate governance obligations and standards to which an institution is subject otherwise than under these requirements and other conditions and/or requirements set out in the licence or authorisation of institutions.</p> <p><u>If a conflict arises between the Code and another corporate governance obligation or standard, the stricter of the obligations or standards should be met so as to ensure compliance with all sets of obligations.</u></p>	6	<ul style="list-style-type: none"> <li>• It was noted that compliance with standards that are stricter in certain ways might not constitute compliance with Central Bank requirements or might make it impossible to comply with Central Bank requirements.</li> <li>• It was noted that where a sanction is being imposed, it is undesirable for the Code to have subjectivity and uncertainty – this is in the context of promoting more transparency and effective governance.</li> <li>• Clarity/guidance in the Code was requested for which standards are stricter.</li> <li>• It was suggested that: <ul style="list-style-type: none"> <li>○ The Code should ensure compatibility with Solvency II; and</li> <li>○ The Code should set out all local and European governance obligations.</li> </ul> </li> </ul>	<p>The Central Bank does not consider it feasible to produce an exhaustive list of all corporate governance standards to which credit institutions and insurance undertakings are subject.</p> <p>In response to the request for clarity as to which corporate governance standards credit institutions must comply with where there are overlapping requirements contained in the Code and the Capital Requirements Directive<sup>2</sup> ('CRD IV'), the Central Bank has inserted a new appendix (Appendix 2: Additional obligations on credit institutions which are deemed significant for the purposes of CRD IV [SI XXX/2013]). This appendix clearly identifies which requirements significant credit institutions shall comply with in instances where there may be potential for confusion as regards which requirement (the Code or CRD IV) is stricter.</p> <p>The Central Bank conducted a review of the corporate governance requirements in Solvency II and has concluded that there are no areas of inconsistency between those</p>

<sup>2</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

					<p>requirements and the Code.</p> <p>In addition the following question will be included in the FAQ:</p> <p><b>Q: If a provision of the Code is in conflict with another corporate governance obligation, which obligation should the institution apply?</b></p> <p>A: If a conflict arises between the Code and another corporate governance obligation or standard, the stricter of the obligations or standards should be met so as to ensure compliance with all sets of obligations.</p>
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**SECTION 4 REPORTING TO THE CENTRAL BANK**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of key comments	Central Bank response
7	4.2	<p>Any institution which becomes aware of a material deviation from this Code shall within 5 business days report the deviation to the Central Bank, advising of the background and the proposed remedial action.</p> <p><u>The board is responsible for determining (in the first instance) whether a breach is material based on the particular facts.</u></p>	8	<ul style="list-style-type: none"> <li>• It was noted that:                             <ul style="list-style-type: none"> <li>○ Requiring the board to make the determination of materiality adds another layer to the process and will not be as quick a process.</li> <li>○ The wording is confusing and may lead to delays in reporting if the intention is that a special board meeting is required.</li> <li>○ A 5-day period is unduly restrictive, especially if a director needs to take legal advice.</li> </ul> </li> <li>• Clarity was sought on what is meant by ‘material deviation and ‘becomes aware’.</li> <li>• One respondent stated that the words ‘in the first instance’ suggest that the board can be second guessed and boards may not, as a result, be willing to make a decision or, alternatively, simply report every deviation.</li> </ul>	<p>In response to comments received the proposed new insertion was deleted and the process will be clarified by including the two questions below in the FAQ.</p> <p><b>Q. Is there any guidance as to what the Central Bank views as a “material deviation”?</b></p> <p>A: It would not be appropriate for the Central Bank to determine what is considered to be a material deviation. Rather it is the responsibility of the institution to determine whether a breach is material based on the particular facts and circumstances of the case.</p> <p><b>Q What is the process for reporting material deviations to the Central Bank?</b></p> <p>A: The institution shall report the material deviation within five business days of it coming to the attention of the institution. The institution shall take a practical approach to reporting such a deviation to the Central Bank. However, the board is ultimately responsible for such matters.</p>

**SECTION 5 TRANSITIONAL ARRANGEMENTS**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of key comments	Central Bank response
8	5.1	N/A	4	<ul style="list-style-type: none"> <li>• It was suggested that the transitional arrangements should reflect that some institutions may need to appoint additional committee members and/or formalise a CRO appointment.</li> <li>• A number of respondents requested a transition period after introduction of revised Code.</li> </ul>	<p>The Code will apply to institutions with effect from 1 January 2015. The following text has been inserted in Section 5.1:</p> <p><u>The 2015 Code applies to institutions with effect from 1 January 2015. Institutions will continue to be subject to the existing Code requirements until 1 January 2015.</u></p>

**SECTION 7 COMPOSITION OF THE BOARD**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
9	7.5 & 20.1(e)	<u>Directors should attend each board meeting in person wherever possible. However, due to the location of some directors, physical attendance may not always be possible, in which case videoconferencing or teleconferencing is permissible.</u>	7	<ul style="list-style-type: none"> <li>• There was broad support for the amendment.</li> <li>• There was a suggestion to put more emphasis on the importance of physical attendance in order to facilitate more engagement in discussions.</li> </ul>	Respondents were broadly supportive of this provision thus no substantive change has been made. For clarity the word ‘attendance’ has been replaced with ‘presence’.
10	7.8	The Central Bank requires that the number of directorships of credit institutions and insurance undertakings <u>and reinsurance undertakings held by a director shall not exceed five and this shall include directorships of credit institutions and insurance undertakings and reinsurance undertakings authorised outside of the State.</u> This restriction does not apply to other directorships within a <u>financial services the same</u>	5	<ul style="list-style-type: none"> <li>• Clarity was sought on how this applies across different types of organisations.</li> <li>• A review of the limits on the number of directorships for INEDs in run-off companies was requested.</li> <li>• It was suggested that the limit of five financial directorships be reduced to three financial directorships.</li> </ul>	<p>As outlined in point 2 (above), the majority of respondents were supportive of the directorship limits. Thus, no change has been made to the directorship limit requirements.</p> <p>The following question will be included in the FAQ to clarify the process for companies in run-off.</p> <p><b>Q: Does section 7.8 apply to institutions in run-off?</b>  A: The limit on the number of directorships for INEDs in run-off institutions will be reviewed on request by the Central Bank and will be considered on a case by case basis.</p>

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11	7.10	<p>group.</p> <p>In calculating the number of directorships held, the Central Bank shall exclude directorships held in the public interest on a voluntary and pro bono basis provided that such directorships shall not interfere with the director's ability to fulfil properly his or her role and functions as a director of <del>a financial</del> an institution.</p> <p><u>Any such directorships should be notified to the Central Bank.</u></p>	5	<ul style="list-style-type: none"> <li>• Clarity was sought on when and how the Central Bank should be notified.</li> <li>• It was suggested that the notification requirement should be removed as it is difficult to manage.</li> </ul>	<p>In response to comments received the following amendment was made to clarify the process:</p> <p><u>At the time of appointment</u>, any such directorships shall be notified to the Central Bank.</p>
12	7.15	<p>Institutions shall formally review the membership of the board of any person who is <del>a</del> <u>an independent non-executive</u> member for nine years or more and it shall document its rationale for any continuance and so advise the Central Bank in writing.</p>	4	<ul style="list-style-type: none"> <li>• Clarity was sought on:             <ul style="list-style-type: none"> <li>○ Whether, after the nine year review is completed for an INED that it must be done annually (as stated in the FAQs). If yes, it was suggested that this should be included in the revised Code;</li> <li>○ the process concerning this review; and</li> <li>○ whether only INEDs are subject to the nine year review.</li> </ul> </li> <li>• There was a suggestion that board membership should be reviewed annually and that nine years should be reduced to three years.</li> </ul>	<p>In response to a request for clarity regarding the nine year review of INEDS, the following change was made:</p> <p>Institutions shall formally review the membership of the board of any person who is <del>a</del> <u>an independent non-executive</u> member for nine years or more and it shall document its rationale for any continuance and so advise the Central Bank in writing.</p> <p><u>Reviews shall be carried out annually where directors have been members of the board for more than nine years.</u></p> <p>The FAQ will be updated as follows:</p>

					<p><b>Q: For the nine year review, is it open to institutions to renew automatically any Director who has successfully passed the review, when the Central Bank has been advised?</b></p> <p>A: Reviews should be comprehensive and not lead to automatic renewal. For example, institutions will have to satisfy themselves as to whether INEDs still meet the criteria for independence. Reviews should be carried out annually where directors have been members of the board for more than nine years. <u>The requirement to carry out a review after nine years only applies to INEDs.</u></p>
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SECTION 8 CHAIRMAN					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
13	8.11	The Chairman shall not hold the position of Chairman or Chief Executive Officer of a credit institution or insurance undertaking or reinsurance undertaking for more than one institution at any one time <u>and this obligation also prohibits the holding of the position of Chairman or Chief Executive Officer in a credit institution or insurance undertaking authorised outside of the State at the same time as the holding of the position of Chairman or Chief Executive Officer of an institution to whom this Code applies. However, in the case of institutions which are not designated as High Impact institutions and are subsidiaries of groups, the Chairman</u>	22	<ul style="list-style-type: none"> <li>• Respondents were generally very supportive of the proposed amendment.</li> <li>• A number of respondents suggested that the relaxation be extended to include High Impact institutions.</li> <li>• In addition, the following suggestions were made:                             <ul style="list-style-type: none"> <li>○ An alternative requirement could be to allow the Chairman of a High Impact institution to hold up to five Chairmanship positions in other group institutions.</li> <li>○ The requirement for Central Bank prior approval for each additional position taken should be omitted and the relaxation should be expanded to include all Non-High Impact institutions, not just subsidiaries of group.</li> </ul> </li> <li>• It was suggested that the last paragraph allowing the Chairman to hold another Chairman position in a group institution should be deleted entirely.</li> </ul>	This proposed amendment was retained. The Central Bank is of the view that this amendment takes an appropriately proportionate approach.

	<p><u>may also hold the position of Chairman of a credit institution or insurance undertaking or reinsurance undertaking (including those authorised outside of the State) simultaneously provided that these roles reside within the group and the Chairman has sufficient time available to fulfil his or her role and function as the Chairman of an institution. The prior approval of the Central Bank shall be obtained prior to the Chairman assuming any such additional roles.</u></p>			
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**SECTION 9 CHIEF EXECUTIVE OFFICER ('CEO')**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
14	9.2	<p>The Chief Executive Officer ('CEO') shall not hold the position of CEO of a credit institution or insurance undertaking <u>or reinsurance undertaking</u> of more than one institution at any one time <u>and this obligation also prohibits the holding of the position of CEO in a credit institution or insurance undertaking or reinsurance undertaking authorised outside of the State at the same time as the holding of the position of CEO of an institution to whom this Code applies.</u> However, in the case of <u>institutions which are designated as Medium-Low or Low impact institutions, the CEO may also hold up to two additional positions as CEO of a credit institution or insurance undertaking or</u></p>	19	<ul style="list-style-type: none"> <li>• Respondents were generally very supportive of the proposed amendment.</li> <li>• One respondent suggested that it was an excessive relaxation and that there would be few situations where an individual would be capable of adequately fulfilling three CEO roles in Medium-Low or Low impact institutions simultaneously.</li> <li>• Another respondent stated that the provision should be expanded to allow the CEO of Medium-High and High Impact institutions to hold the additional CEO positions.</li> <li>• It was also suggested that a specific carve-out for CEO positions in group companies should be introduced.</li> </ul>	<p>This proposed amendment was retained. However, the Central Bank is of the view that it is unlikely that the CEO of a High or Medium-High Impact institution would have sufficient time to take on an additional one or two CEO roles in a Medium-Low or Low impact institution.</p> <p>In addition, for clarity, the following question will be included in the FAQ document:</p> <p><b>Q: Can a CEO take up other CEO positions in institutions authorised outside the State?</b>  A: No. Other CEO positions may only be held in Irish institutions which are designated as Medium-Low or Low Impact. The relaxation of this requirement does not extend to institutions authorised outside the State.</p>

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		<p><u>reinsurance undertaking simultaneously provided the institution is also designated as a Medium-Low or Low impact institution and the CEO has sufficient time available to fulfil his or her role and function as the CEO of an institution. The prior approval of the Central Bank shall be obtained prior to the CEO assuming any such additional roles.</u></p>			
15	9.6	<p><u>The CEO shall be appointed to the board.</u></p>	4	<ul style="list-style-type: none"> <li>• There was some support for the proposal.</li> <li>• It was stated that this requirement is overly prescriptive and will increase costs for Medium-Low and Low Impact institutions.</li> </ul>	<p>This proposed amendment was retained as the Central Bank is of the view that this is good corporate governance and is not overly prescriptive.</p>

**SECTION 12 CHIEF RISK OFFICER ('CRO')**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
16	12.1	<p><u>There shall be a person appointed the Chief Risk Officer ('CRO') with distinct responsibility for the risk management function. Where an institution is not designated as a High Impact institution and where the nature, scale and complexity of the operations of the institution do not justify a dedicated, exclusive CRO function, another pre-approval control function<sup>3</sup> may fulfil that role, provided there is no conflict of interest. The Central Bank shall be notified of any such arrangement.</u></p>	15	<p>The following comments were made in relation to the combination of the CRO role with another PCF role:</p> <ul style="list-style-type: none"> <li>• High Impact institutions should be permitted to combine the CRO role with another PCF role as the proposed approach did not take account of the differences between different types of institutions, in particular the quality of resources available to support the CRO and the business model of the institution i.e. whether the institution is a bank, non-life or life insurance company.</li> <li>• It was suggested that the CRO role might be shared with PCF 11, 12, 15, 20 – Head of Finance, Compliance, Compliance with AML and Chief Actuary respectively.</li> <li>• Several respondents sought clarification as to the operation of the 'no conflicts of interest' requirement.</li> <li>• It was questioned whether there is a need for a CRO position in a life insurance company, where typically the appointed actuary oversees the risk function.</li> <li>• It was stated that the requirement was disproportionate for Medium-Low and Low Impact institutions.</li> <li>• Clarity was sought on whether the CRO of a subsidiary institution must be an employee of</li> </ul>	<p>Given the level of comment and requests for clarity around which PCF roles can share the CRO role and the requests for further clarification on the 'no conflicts of interest' requirement, the Central Bank decided a less prescriptive approach to the dual CRO role is warranted. Thus, the reference to 'no conflict of interest' has been deleted and the requirement changed so that prior approval of the Central Bank will be required where the institution proposes that another PCF can jointly fulfil the role of CRO.</p> <p>Additionally, a new provision has been inserted to address comments received by the insurance industry in Section 12.2 of the Code. This states:</p> <p><u>Where an insurance undertaking or reinsurance undertaking is designated as a High Impact institution and where the nature, scale and complexity of the operations of the institution do not justify a dedicated exclusive CRO function, the Chief Actuary may fulfil that role. The prior approval of the Central Bank shall be</u></p>

<sup>3</sup> Pre-approval control function means those functions set out in schedule 2 of the 'Regulations'. The 'Regulations' means the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations, 2011 (S.I. No. 615 of 2011).

				<p>the subsidiary company or could the role be performed at the group level e.g. by the Group CRO.</p>	<p><u>obtained prior to making any such arrangement.</u></p> <p>In response to comments received regarding whether the CRO of a subsidiary institution can be performed at group level, the Central Bank will provide clarity on the requirement in the FAQ as follows:</p> <p><b>Q: Can the role of CRO be performed at the group level?</b></p> <p>A: Institutions are required to have a CRO at the local level. However, in certain circumstances and depending on the nature, scale and complexity of an institution there may be scope for an institution to apply to the Central Bank for approval to allow the group CRO to act for the subsidiary. This should only be in limited circumstances and will be assessed on a case by case basis.</p>
17	12.3	<p><u>The CRO shall be responsible for maintaining effective processes to identify, manage, monitor and report the risks to which the institution is or might be exposed and to promote sound and effective risk management both on a solo basis and at group level.</u></p>	4	<p>Clarification on the role of the CRO was generally welcomed by respondents. The following comments were also made regarding the CRO role:</p> <ul style="list-style-type: none"> <li>• The role should be to advise the board on and implement effective processes approved by the board to identify and manage risks.</li> <li>• The wording suggests a first line of defence role and should more correctly reflect a second line of defence role.</li> <li>• The current wording overstates the responsibilities of the risk function.</li> <li>• The board, the CEO and the business functions generally must be responsible for risk where the CRO assists and supports with his expertise.</li> </ul>	<p>In response to the comments received and in order to outline more clearly the CRO’s responsibilities, the following changes were made to Section 12.3 (now Section 12.4):</p> <p><u>The CRO shall be responsible for ensuring that the institution has maintaining effective processes in place to identify and manage, <del>monitor and report</del> the risks to which the institution is or might be exposed and to promote sound and effective risk management both on a solo basis and at group level.</u></p>

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18	12.8	<p><u>The CRO shall report to the board risk committee with direct access to the Chairman of the board.</u></p>	6	<p>The following comments were made regarding the CRO reporting lines:</p> <ul style="list-style-type: none"> <li>• The CRO should have access to the full board, not just the Chairman of the board so that s/he can deliver a clear and consistent message to the full board.</li> <li>• The text is confusing regarding CRO reporting lines.</li> <li>• The CRO may also have a reporting line to executive management.</li> </ul>	<p>In response to comments and for clarity Section 12.8 (now Section 12.9) now states:</p> <p><u>The CRO’s primary responsibility is to the board and the CRO shall report to the board periodically with direct access to the Chairman of the board. The CRO shall report to the board risk committee on a regular basis.</u></p>
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**SECTION 13 ROLE OF THE BOARD**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
19	13.1	<p>The board of each institution is responsible for the effective, prudent and ethical oversight of the <u>entity-institution</u>. <u>The board is responsible for, among other things, setting and overseeing :</u></p> <p>a. <u>the business strategy for the institution;</u></p> <p>b. <u>the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the institution;</u></p> <p>c. <u>a robust and transparent organisational structure with effective communication and reporting channels;</u></p> <p>d. <u>a remuneration framework that is in line with the risk strategies of the</u></p>	9	<ul style="list-style-type: none"> <li>• The majority of respondents supported the proposed expansion of board responsibilities.</li> <li>• The nature, scale and complexity principle should apply to the provision.</li> <li>• The provision requires boards of subsidiary companies which have been set up to manage a particular function for the group to undertake identical activities as the parent company board. Typically, the overall strategy is approved by the parent board thus discussing strategy that has already been approved by the boards at subsidiary level results in overlap and may divert board attention from the key strategic concerns of the subsidiary.</li> </ul>	<p>An additional responsibility of the board was included with respect to liquidity management to reflect the Central Bank’s Requirements for the Management of Liquidity Risk in credit institutions. The following sentence was added to Section 13.1 (c):</p> <p><u>The strategy for the on-going management of material risks including, inter-alia, liquidity risk.</u></p> <p>In response to a comment that the board responsibilities as listed in the revised Code are not appropriate for certain subsidiaries, the Central Bank is of the view that board members of subsidiaries have fiduciary duties and responsibilities to the Irish entity. Thus, even though the key strategic concerns of the subsidiary company are generally narrower and derive from the overall group strategy, an assessment must still be made at subsidiary level of the scope and depth of strategy to be adopted, albeit aligned with the group.</p>



		<p><u>institution; and</u></p> <p>e. <u>an adequate and effective internal control framework, that includes well-functioning risk control, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework.</u></p> <p><u>The board of each institution is responsible for:</u></p> <ul style="list-style-type: none"> <li>▪ <u>The effective, prudent and ethical oversight of the entity;</u></li> <li>▪ <u>Setting the business strategy for the institution; and</u></li> <li>▪ <u>Ensuring that risk and compliance are properly managed in the institution.</u></li> </ul>			
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SECTION 15 RISK APPETITE					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
20	15.8	<u>The board shall ensure that it identifies risks to be addressed by contingency plans based on the areas where it considers the institution to be especially vulnerable and that these are reviewed, updated and tested on a regular basis.</u>	9	<ul style="list-style-type: none"> <li>• A number of respondents supported the proposal.</li> <li>• Further detail was requested as to how the board should identify the risks to be addressed by contingency plans.</li> <li>• Some respondents queried whether this requirement should fall within the remit of the board rather than the risk committee.</li> <li>• It was noted that the board would normally identify risks through material risk assessments or risk appetite rather than through contingency plans which usually refer to operational risk e.g. risk of supplier failure or business continuity events.</li> <li>• One respondent noted that an institution can face a number of risks and it is vital to not only identify those risks, but to also put in place a system to adequately deal with them as they arise.</li> </ul>	<p>In response to the comments received, the requirement was amended to provide more guidance on areas which an institution should consider, among other things, when devising contingency plans. Section 15.8 now states:</p> <p><u>The board shall ensure that it identifies risks to be addressed by contingency plans based on, inter-alia:</u></p> <ul style="list-style-type: none"> <li>• <u>the areas where it considers the institution to be especially vulnerable;</u></li> <li>• <u>the risk appetite of the institution; and</u></li> <li>• <u>the risk management framework of the institution.</u></li> </ul> <p><u>Contingency plans should be reviewed, updated and tested on a regular basis.</u></p>

SECTION 16 MEETINGS					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
21	16.1	The board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the institution. In any event, the board shall meet at least <u>quarterly four times per calendar year and at least once per half year.</u>	11	<ul style="list-style-type: none"> <li>• The majority of respondents welcomed the proposal.</li> <li>• Two respondents stated that the requirement for the number of board meetings should be considered within the context of each company.</li> <li>• It was suggested that monthly board meetings should be mandatory for all institutions and that by reducing the number of meetings a message is conveyed that financial institutions are run by their management with limited oversight by the directors.</li> <li>• One respondent suggested that the wording should be changed to avoid boards holding two meetings in say January and two meetings in December.</li> </ul>	<p>The Central Bank is of the view that a minimum of four board meetings per year is good practice and is the minimum required to ensure effective board oversight.</p> <p>In response to comments, ‘per half year’ was changed to ‘in every six month period’ so that institutions will be required to hold a board meeting, at a minimum, every six months.</p>

**SECTION 19 COMMITTEES OF THE BOARD**

No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
22	19.1	Where the board comprises only 5 members, the full board, <u>including the Chairman and the CEO</u> , may act as the audit committee and/or the risk committee. In such cases <u>Section 22.3 continues and Section 23.3 will continue to apply.</u>	6	<ul style="list-style-type: none"> <li>• Some respondents welcomed the change.</li> <li>• It was noted that the capacity to have the full board act as the audit committee and risk committee should not be limited to entities which have only five board members.</li> </ul>	This provision was retained without amendment. The Central Bank is of the view that this requirement is appropriate. For institutions which have more than five board members, the Central Bank is of the view that the board should establish a separate risk committee and a separate audit committee.
23	19.7	<u>Board consideration of risk-related issues may be enhanced by members serving on more than one board sub-committee as members may gain a greater appreciation of risk considerations across the institution. Cross memberships between key sub-committees of the board should be encouraged. The Chairman of the audit</u>	12	<ul style="list-style-type: none"> <li>• The majority of respondents supported the principle of cross-committee membership but a number of respondents felt that the Central Bank approach was too prescriptive. The main concern raised was that requiring a specific member of the committee(s) to cross-pollinate could result in making future committee member rotation hard to manage, particularly for smaller-sized institutions.</li> <li>• It was suggested that institutions are best placed to choose which committees would benefit from cross-membership based on members' expertise and business needs.</li> <li>• Respondents sought clarity as to how the proposed amendment would apply when an institution relies on a group committee, as</li> </ul>	<p>Following consideration of the comments received, the Central Bank is of the view that cross-committee membership can be effectively instituted by having at least one shared member between the committees, rather than requiring the Chairman of the audit committee to be a member of the risk committee and vice versa.</p> <p>The following amendment has been made to the proposed requirement in Section 19.7:</p> <p><u>The audit committee and the risk committee shall have at least one shared</u></p>

		<p><u>committee shall be a member of the risk committee and the Chairman of the risk committee shall be a member of the audit committee.</u></p>		<p>permitted by the Code in certain circumstances.</p>	<p><del>member. The Chairman of the audit committee shall be a member of the risk committee and Chairman of the risk committee shall be a member of the audit committee.</del></p> <p>In addition and in response to comments received, the Central Bank will include the following question in the FAQ in order to provide clarity on cross committee membership when an institution relies on a group committee.</p> <p><b>Q: How will cross committee membership apply when an institution relies on a group committee?</b>  A: A member of the board of directors of the subsidiary institution will be required to sit on the relevant group sub-committee(s).</p>
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SECTION 22 AUDIT COMMITTEE					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
24	22.1	The number of members of an audit committee shall be sufficient to handle the size and complexity of the business conducted by it <u>and shall be composed of at least three members.</u>	6	<ul style="list-style-type: none"> <li>Some respondents commented that a minimum of three committee members is too many.</li> <li>It was suggested that institutions are best placed to decide the appropriate number of board sub-committee members.</li> </ul>	<p>This provision was retained without amendment. The Central Bank is of the view that a minimum committee size of three members is appropriate for the following reasons:</p> <ul style="list-style-type: none"> <li>It would not be possible to reach a majority vote if a smaller number were permitted;</li> <li>It reduces the potential risk that one individual may dominate the agenda;</li> <li>It may facilitate the committee having more robust debate and discussion with a greater potential for a variety of views being expressed.</li> </ul>
25	22.4	The audit committee as a whole shall have relevant financial experience <u>and at least one member shall have an appropriate qualification.</u>	5	<ul style="list-style-type: none"> <li>The requirement to have relevant financial experience ‘as a whole’ may be too onerous on smaller firms.</li> <li>It was suggested that the word ‘recent’ should be included before relevant experience and that what constitutes an ‘appropriate qualification’ should be defined.</li> </ul>	<p>This provision was retained without amendment. The Central Bank is of the view that this requirement is appropriate. The audit committee is required to have relevant financial experience ‘as a whole’ therefore not every member is required to have relevant financial experience. It was deemed not appropriate to include ‘recent’ before relevant experience as this is for the institution itself to decide. It is not appropriate for the Central Bank to define ‘appropriate qualification’, rather it is for the institution itself to deem what is an appropriate qualification.</p>

					<p>The following question will be included in the FAQ:</p> <p><b>Q: What does financial experience ‘as a whole’ mean in practice?</b></p> <p>A: This does not mean that every board member must have financial experience rather the committee collectively should have relevant financial experience.</p>
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SECTION 23 RISK COMMITTEE					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
26	23.2	<u>The number of members of a risk committee shall ensure that there is an appropriate representation of non-executive and executive directors which is appropriate be sufficient to handle the nature, scale-size and complexity of the business conducted by it and be composed of at least three members.</u>	6	<ul style="list-style-type: none"> <li>Most respondents were of the view that this requirement is excessive for Medium-Low and Low Impact institutions.</li> </ul>	<p>This provision was retained without amendment. The Central Bank is of the view that a minimum committee size of three members is appropriate for the following reasons:</p> <ul style="list-style-type: none"> <li>It would not be possible to reach a majority vote if a smaller number were permitted;</li> <li>It reduces the potential risk that one individual may dominate the agenda;</li> <li>It may facilitate the committee having more robust debate and discussion with a greater potential for a variety of views being expressed.</li> </ul>
27	23.3	<u>The Chairman of the risk committee shall be a non-executive director.</u>	4	<ul style="list-style-type: none"> <li>In general, respondents were supportive of the proposed change.</li> <li>One respondent suggested that subsidiary institutions should be permitted to be chaired by a group director or an INED.</li> </ul>	<p>The provision was amended to clarify that the Chair of the risk committee shall be a NED or an INED as follows:</p> <p><u>The Chairman of the risk committee shall be a non-executive director or an independent non-executive director.</u></p> <p>A group director is considered to be a non-executive director for the purposes of the provisions of the Code relating to non-executive directors.</p>



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28	23.4	<u>The risk committee shall be composed of a majority of non-executive directors.</u>	12	<ul style="list-style-type: none"> <li>• A number of respondents thought that the requirement was overly prescriptive and that the board is best placed to determine the composition of the risk committee.</li> <li>• A number of respondents felt that this requirement was disproportionately burdensome on small-medium sized institutions, in particular those with the minimum board size of five members.</li> <li>• One respondent noted that this requirement would be restrictive for subsidiary institutions and suggested that subsidiaries of a group should be permitted to apply for a disapplication.</li> <li>• It was also argued that should the Central Bank desire more ‘independence’ in the risk committee, this could be attained via requiring the Chair of the committee to be a NED.</li> <li>• Two respondents who welcomed the requirement suggested that it should be imposed on High Impact institutions only.</li> </ul>	<p>The proposed amendment will be retained (subject to a minor amendment highlighted below) as the Central Bank is of the view that this requirement is appropriate.</p> <p>The Central Bank is of the view that sufficient proportionality exists within the Code in Section 19.1 with respect to how a smaller sized institution composes its risk committee and in Section 19.2 with respect to the risk committee of a subsidiary institution.</p> <p>For clarity, the following change was made to the requirement:</p> <p><u>The risk committee shall be composed of a majority of non-executive directors, independent non-executive directors or a combination of both.</u></p>
29	23.5	<u>The risk committee as a whole shall have relevant financial experience.</u>	10	<ul style="list-style-type: none"> <li>• A number of respondents suggested including a requirement for risk related experience.</li> <li>• It was suggested that the requirement should be amended to include ‘recent’ in addition to ‘relevant’ experience.</li> <li>• A number of respondents suggested replacing financial experience with ‘financial services industry experience’.</li> </ul>	<p>In response to comments received and following consideration of the requirement, it was decided to replace the financial experience requirement with the risk expertise requirement.</p> <p>The provision now states:</p> <p><u>The risk committee as a whole shall have relevant risk expertise.</u></p>

SECTION 26 COMPLIANCE STATEMENT					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
30	26	<u>Where an institution does not have a financial reporting period coinciding with the calendar year it may submit a compliance statement for the period of its financial year.</u>	7	<ul style="list-style-type: none"> <li>Most respondents broadly welcomed this proposal.</li> </ul>	This requirement was retained without amendment.

SECTION APPENDIX 1 ADDITIONAL OBLIGATIONS ON HIGH IMPACT INSTITUTIONS					
No.	CP 69 Ref.	Proposed Obligation per CP 69	Number of respondents	Summary of comment	Central Bank response
31	Appendix 1: 14.10	<u>The board shall put in place a formal skills matrix to ensure that there is an appropriate skills mix across members of the board and potential new members should be assessed against the skills matrix during the appointment process.</u>	4	<ul style="list-style-type: none"> <li>The comments received were split between those that supported the requirement and those who stated that it is too prescriptive.</li> </ul>	This proposed amendment was retained. The Central Bank is of the view that it is good corporate governance practice.
32	Appendix 1: 19.7	<u>Board consideration of risk-related issues may be enhanced by members serving on more than one board sub-committee as members may gain a greater appreciation of risk considerations across the institution. Cross memberships between key sub-committees of the board should be encouraged. The Chairman of the audit committee shall be a member of the risk committee and the</u>	12	<ul style="list-style-type: none"> <li>Please refer to paragraph 23.</li> </ul>	<p>Following consideration of the comments received, the Central Bank is of the view that cross-committee membership can be effectively instituted by having at least one shared member between the specified committees, rather than requiring the Chairman of each committee to be a member of the other committee.</p> <p>The following amendment has been made to the proposed requirement in Appendix 1 Section 19.7:</p> <p><u>The audit committee and the risk committee shall have at least one shared member. The remuneration committee and the risk committee shall have at least one</u></p>

		<p><u>Chairman of the risk committee shall be a member of the audit committee. The Chairman of the remuneration committee shall be a member of the risk committee and the Chairman of the risk committee shall be a member of the remuneration committee.</u></p>			<p><del>shared member. The Chairman of the audit committee shall be a member of the risk committee and Chairman of the risk committee shall be a member of the audit committee. The Chairman of the remuneration committee shall be a member of the risk committee and Chairman of the risk committee shall be a member of the remuneration committee.</del></p>
33	Appendix 1: 16.1	<p><b>Board meeting frequency for High Impact institutions</b> Appendix 1 section 16.1 requires for High Impact institutions that the board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the institution. In any event, the board shall meet at least 11 times during any calendar year and at least once per calendar month for 11 months of the year.</p>	10	<ul style="list-style-type: none"> <li>Please refer to paragraph 3.</li> </ul>	<p>In response to comments received and in recognition of the fact that the requirement to hold 11 meetings per annum may impose an administrative burden on directors and senior managers (both in preparing for the next meeting and travel time commitments for non-local directors), the Central Bank reconsidered the requirement for boards to meet at least 11 times during the calendar year. The Central Bank has concluded that the requirement should be reduced to a minimum of six meetings per annum.</p> <p>The provision in Appendix 1 section 16.1 now states:</p> <p><u>The board shall meet as often as is appropriate to fulfil its responsibilities effectively and prudently, reflective of the nature, scale and complexity of the institution. In any event, the board shall</u></p>

					<p><u>meet at least six times during any calendar year, of which three meetings shall be held in every six month period. The Central Bank reserves the right to require an institution to increase the frequency of its board meetings should it deem this necessary.</u></p> <p>The following question will be included in the FAQ document:</p> <p><b>Q: Can a High Impact institution reduce the frequency of its board meetings from the 1st January 2015?</b></p> <p>A: A High Impact institution may reduce the annual frequency of its board meetings from the 1<sup>st</sup> January 2015, in accordance with section 16.1 of Appendix 1 of the Code. Prior to making any such reduction in meeting frequency, institutions should consider what the appropriate frequency of board meetings is for their institution.</p>
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**APPENDIX 1: Sections in the Code which have been amended.**

<b>Section No. of the Code (2013)</b>	<b>Title of Section</b>	<b>Nature of Change</b>
1.1	Scope	Wording amended.
1.3	Scope	Wording amended (reference now is to PRISM Impact designation).
1.4	Scope	Deleted.
2	Definitions	Captive reinsurance undertakings now included in definition of institution.
2	Definitions	High Impact institution definition amended.
2	Definitions	Medium-High Impact, Medium-Low Impact and Low Impact institutions defined.
2	Definitions	Non-executive director definition amended.
2	Definitions	Group Director definition amended.
2	Definitions	Director Independence – wording amended.
2	Definitions	Control Function definition amended.
3.8	Legal Basis	New section.
5.1	Transitional Arrangements	New section
6.3	General Requirements	Requirement amended.
7.2	Composition of Board	Wording amended.
7.3	Composition of Board	Requirement amended.
7.5	Composition of Board	New requirement.
7.8	Composition of Board	Requirement clarified.
7.9	Composition of Board	Requirement clarified.
7.10	Composition of Board	Requirement amended.
7.14	Composition of Board	INED review after 9 years moved to Section 7.15.
7.15	Composition of Board	INED review after 9 years inserted from Section 7.15.
8.11	Chairman	Requirement amended.
9.1	CEO	New requirement.
9.2	CEO	Requirement amended.
9.6	CEO	New requirement.
11.1	Non-executive directors and executive directors	Wording amended.
12.1-12.9	CRO	All new requirements
13.1	Role of the Board	Requirement amended.

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<b>Section No. of the Code (2013)</b>	<b>Title of Section</b>	<b>Nature of Change</b>
13.5	Role of the Board	Wording amended.
14.3	Appointments	Training element deleted and included in Section 14.4.
14.4	Appointments	New requirement.
14.9	Appointments	New requirement.
15.2	Risk Appetite	Wording amended.
15.3	Risk Appetite	Requirement amended.
15.5	Risk Appetite	Requirement amended.
15.6	Risk Appetite	Requirement amended.
15.8	Risk Appetite	New Requirement.
16.1	Meetings	Wording amended.
19.1	Committees of the Board	Requirement amended.
19.7	Committees of the Board	New Requirement.
20.1(e)	General Requirements of Committees	New Requirement.
22.1	Audit Committee	Wording amended.
22.4	Audit Committee	New Requirement.
22.7	Audit Committee	Wording amended.
23.1	Risk Committee	Wording amended.
23.2	Risk Committee	Requirement amended.
23.3	Risk Committee	New Requirement.
23.4	Risk Committee	New Requirement.
23.5	Risk Committee	New Requirement.
23.6	Risk Committee	Requirement amended.
23.7	Risk Committee	Requirement amended.
24.1	Remuneration Committee	Wording amended.
25.1	Nomination Committee	Wording amended.
26.1	Compliance Statement	Amended Requirement.
App. 1, 7.1	Composition of the Board	Wording amended.
App. 1, 7.2	Composition of the Board	Clarified requirement.
App. 1, 7.8	Composition of the Board	Requirement amended.
App. 1, 7.9	Composition of the Board	Wording amended.
App. 1, 14.6	Appointments	Requirement amended.

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<b>Section No. of the Code (2013)</b>	<b>Title of Section</b>	<b>Nature of Change</b>
App. 1, 14.10	Appointments	New Requirement.
App. 1, 16.1	Meetings	Requirement amended.
App. 1, 19.1	Committees of the Board	Requirement amended.
App. 1, 19.7	Committees of the Board	New Requirement.
App. 2, 7.8	Composition of the Board	CRD IV Requirement
App. 2, 7.9	Composition of the Board	CRD IV Requirement
App. 2, 7.10	Composition of the Board	CRD IV Requirement
App. 2, 23.4	Risk Committee	CRD IV Requirement
App. 2, 24.2	Remuneration Committee	CRD IV Requirement
App. 2, 25.1	Nomination Committee	CRD IV Requirement



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