

Registry of Credit Unions
Central Bank of Ireland
PO Box 559
Dame Street
Dublin 2

30th September 2014

Re: Consultation Paper CP83: Fitness and Probity regime for Credit Unions that are also authorised as Retail Intermediaries, August 2014

Dear Madam,

We have considered Consultation Paper CP83 and thank you for the opportunity to respond.

We welcome the proposals set out therein.

We respond to your two questions below.

(1) Do you agree with the revised approach for the application of fitness and probity requirements to credit unions that are also authorised as retail intermediaries?

Yes. We agree with the rationale you set out for implementing a revised approach for the credit union sector. They are all valid arguments. In addition, your proposals are timely and sensible, when credit unions need to continue to focus (or arguably, return to focus) on the core business without being side tracked. We had some concerns as to the actual implementation in August 2015 of the pre-approval controlled functions under the general Fitness and Probity regime; we feared a huge procedure of this nature would detract from the credit union business i.e. managing loans, savings and investments.

Whilst the current documented processes are bedding down - due diligence, skills audits, board performance reviews, director performance evaluations, annual compliance statements, and so on, the Boards and management have less time to focus on the core business and on sustainability. Whilst these processes are beneficial and will become second nature to credit union operations in due course, for now, it is encouraging that another tranche of procedures and paperwork to impact on credit union time in the incoming year is averted, whilst not detracting in any way from the quality service provided to members.

We would also have had concerns as to the additional volume of paperwork which would ordinarily have been placed on the Nomination Committee should the new functions be designated PCFs.

(2) Do you agree with the proposals regarding the Standards, Guidance, timelines and transitional arrangements for the implementation of fitness and probity requirements for credit unions that are also authorised as retail intermediaries?

Yes. We have no difficulty with the proposals in this regard. Prior to receipt of the Paper we expressed our concerns that credit unions that are also authorised as retail intermediaries would be obliged to reference separate documentation – i.e. Fitness and Probity Standard's for Credit Unions and related Guidance, and, general Fitness and Probity Standards and related Guidance - to determine the standards and guidance depending on whether the controlled function referred to the core credit union business, or the retail intermediary business.

This you address in Para 4.1, which we welcome – the credit unions that are also authorised as retail intermediaries continue to reference the Fitness and Probity Standards for Credit Unions and related Guidance. And, we look forward to the revision of these documents to encapsulate the new application and transitional arrangements. It would certainly be beneficial for the Guidance to address the relationship between fitness and probity and MCC for credit unions that are also authorised as retail intermediaries.

Again, many thanks for an opportunity to respond to CP83 and please do not hesitate to contact us if we can be of further assistance or provide clarification on any of the above.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Elaine Larke', written in black ink.

Elaine Larke
Head of Legal and Compliance