

Investment Firm Regulations Consultation
Markets Policy Division
Central Bank of Ireland
Block D
Iveagh Court
Harcourt Road
Dublin 2

27th January 2016

Dear Sir/Madam,

I refer to Consultation Paper CP 97 ('CP97') consultation on "Central Bank Investment Firm Regulations 2015" and welcome the opportunity to respond as this is very relevant to our business.

Overall we are broadly in agreement with what is proposed in CP97 however we would like to suggest an amendment to one section of the paper as outlined below:

Part 2, Section 8 (4) states:

"The compliance officer will have responsibility for compliance with all legal and regulatory requirements and for co-operation and liaison with the Bank."

The Basel Committee on Banking Supervision stated the following in their paper 'Compliance and the Compliance Function in Banks' (April 2015):

- "The bank's board of directors is responsible for overseeing the management of the bank's compliance risk."
- "The bank's senior management is responsible for establishing and communicating a compliance policy, for ensuring that it is observed, and for reporting to the board of directors on the management of the bank's compliance risk."
- "The Head of Compliance has overall responsibility for co-ordinating the identification and management of the bank's compliance risk and for supervising the activities of other compliance function staff. The responsibilities of the bank's compliance function should be to assist senior management in managing effectively the compliance risks faced by the bank."

Kleinwort Benson Investors Dublin Ltd ('KBID') is of the view that having the Board, and not the Compliance Officer, ultimately responsible for overseeing compliance risk is best practice for the purposes of having strong and effective internal governance.

In addition KBID also notes that in the majority of investment firms the Compliance Officer is not involved with ensuring compliance with all laws for example tax law and employment law. Typically such laws are under the remit of Finance and Human Resources respectively.

Taking the above into account KBID would therefore suggest that the existing wording is replaced with the following or similar wording:

“The firm’s board of directors is responsible for compliance with all legal and regulatory requirements and for overseeing the management of the firm’s compliance risk. The Compliance Officer is responsible for co-ordinating the identification and management of the firm’s compliance risk and for supervising the activities of other compliance function staff.”

Yours sincerely


Derval Murray
Head of Compliance & Risk