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Cathaoirleach
Joint Oireachtas Committee on Finance, Public Expenditure, Public Service Reform and
Digitalisation, and Taoiseach
Houses of the Oireachtas
Leinster House
D02 XR20

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Dear Chair,

Thank you for your letter of 3 October and your invitation to appear before the Joint Oireachtas Committee next week. You also set out some questions raised by Committee Members and the attached appendix sets out our responses to them.

There are a number of over-arching points I would like to highlight in respect of the Central Bank's role in the transfer of approval process, our professional secrecy obligations, and the framework of EU Regulations within which we operate.

The transfer of approval process under the EU Prospectus Regulation

The transfer of approval process set out in Article 20(8) of the EU Prospectus Regulation provides that on the request of an issuer, the competent authority of the home Member State may transfer the approval of a prospectus to the competent authority of another Member State. Any such transfer is subject to prior notification to ESMA and the agreement of the competent authority to whom the approval function is to be transferred.

In this process, the competent authority of the home Member State only approves the transfer to the competent authority of another Member State but does not approve the prospectus that is issued. The competent authority of the transferee Member State reviews and decides whether to approve the prospectus.

In this framework, the Central Bank's role was limited to transferring the role of approving the 2025 Prospectus to the Commission de Surveillance du Secteur Financier in Luxembourg (the CSSF). The Central Bank did not have any role in the review or approval of the 2025 Prospectus and did not receive any draft of that document. It was a matter for the CSSF to independently carry out the review and approval process.

To summarise, there are, therefore, two distinct and separate steps in the transfer of approval process. The first is the transfer of approval of the prospectus to another competent authority. The second is the review and approval of the prospectus by that other authority. In carrying out its role of reviewing and approving the relevant prospectus, the CSSF is entirely independent of the Central Bank, and the CSSF approved the 2025 prospectus.

Professional secrecy obligations

The Central Bank is subject to confidentiality obligations pursuant to the EU Prospectus Regulation and Section 33AK of the Central Bank Act 1942. Those obligations restrict the Central Bank from disclosing confidential information obtained in the performance of its functions.

The Central Bank has to date sought, in order to assist the Committee, to put as much information as possible with regard to this matter into the public domain without breaching confidentiality obligations.

The correspondence between the Central Bank and the State of Israel and between the Central Bank and the CSSF is, however, confidential. The Central Bank may not under the EU Prospectus Regulation and Section 33AK disclose that information. It is a criminal offence for the Central Bank to disclose confidential information in breach of Section 33AK.

Framework of EU Regulations within which the Central Bank operates

The EU Prospectus Regulation sets out harmonised EU laws with respect to securities the subject of that regulation. This is a part of the EU Capital Markets Union. Each Member State of the EU must appoint a competent authority in that jurisdiction. The Central Bank has been appointed as the competent authority in Ireland for the purposes of the EU Prospectus Regulation and must carry out its functions and duties as provided for under that Regulation. One of those functions is to consider transfer of approval requests. When considering transfer of approval requests, we consider the connectivity of the prospectus with the jurisdiction from which and to which it is seeking a transfer.

In the case of the State of Israel transfer of approval request, the issuer decided that it would cease from 1 September 2025 making offers to the public under its prospectus in Ireland. The bonds to be issued under the 2025 Prospectus may only be offered to the public in Austria, France, Germany, Luxembourg and the Netherlands.

In circumstances where the State of Israel proposed to discontinue offers to the public under its prospectus in Ireland, the Central Bank approved the transfer of approval of the prospectus under the EU Prospectus Regulation.

The framework of the EU Prospectus Regulation supports approval of prospectus decisions being taken by a competent authority with the relevant connectivity to the prospectus. However, it is not inherent in the transfer of approval that the prospectus will subsequently be approved. The review and approval of the prospectus is a separate process to be completed independently by the transferee competent authority.

As you know, pursuant to the EU framework of laws under which the Central Bank operates, the Central Bank does not have a role in imposing sanctions on States for breaches or alleged breaches of international law. It is the role of the EU to put in place such sanctions. During the time of approval of the prospectuses approved by the Central Bank in respect of the State of Israel no sanctions were in place in respect of the issue of securities under those prospectuses.

The report issued by the Joint Oireachtas Committee on 5 August 2025

The Central Bank reviewed the recommendations in the report issued by the Committee in the context of its functions and with regard to the prospectus it approved for the State of Israel on 2 September 2024 which expired on 1 September 2025.

I hope this information is helpful and look forward to discussing these issues with you next week.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gabriel Makhlouf', with a stylized flourish at the end.

Gabriel Makhlouf

Appendix

1. Did the Central Bank undertake a compliance review of the Israeli bond prospectus as detailed in Recommendation 3 of the Joint Committee report, and if so when did the review begin and what were the findings of said review?

The Central Bank continued to keep under review the compliance of the 2024 Prospectus with the applicable legal and regulatory framework until that prospectus expired on 1 September 2025, which was shortly after the Joint Committee issued its report.

By way of more general background, we would note that following the Central Bank's attendance at the Joint Committee in October 2024, the Central Bank carried out an internal review of the process relating to the approval of 2024 Prospectus. The Central Bank wrote to the Joint Committee in December 2024 with regard to that review.

The Central Bank subsequently appeared before the Joint Committee in June 2025 to answer additional questions with regard to its role as competent authority in Ireland with regard to the EU Prospectus Regulation. After that meeting, the Central Bank followed up with additional correspondence to the Joint Committee in relation to this matter.

Through these engagements the Central Bank has put a significant amount of information into the public domain with regard to its role as a competent authority under the EU Prospectus Regulation in relation to the 2024 Prospectus.

During this period, and up to 1 September 2025, the Central Bank has kept under review the compliance of the 2024 Prospectus with EU law, national law and international law. It was the Central Bank's assessment, taking into account legal advice, that it did not have a legal basis to refuse to approve or suspend from approval the 2024 Prospectus.

In that regard, the Central Bank noted, in particular, that there were no EU sanctions put in place in respect of securities issued by the State of Israel.

2. Did the Central Bank act on Committee recommendation 5 and seek supplementary information from the issuer as part of a review and in examination of the completeness of the bond prospectus in advance of the bond renewal on 2 September 2025? What explicit actions were taken and when did those actions take place?

Please note, as set out above, that the Central Bank did not have any role in the review and approval of the 2025 Prospectus.

3. When undertaking the review, process of approval, and/or process of transfer, done in accordance with paragraph 88 of the Preamble of the Prospectus Regulation as outlined in recommendation 7 of the Joint Committee report.

The Central Bank took all relevant factors into account in considering the transfer of approval request. The criteria that need to be considered when assessing such a request relate to the connectivity of the prospectus with the proposed jurisdiction of approval.

The Central Bank's review of the 2024 Prospectus took into account all relevant EU, national and international law, including paragraph 88 of the preamble to the EU Prospectus Regulation.

Please note, as set out above, that the Central Bank did not have any role in the review and approval of the 2025 Prospectus.

4. Did the Central Bank seek legal advice assuring their compliance with international law in approving the Israeli bond prospectus as detailed in Recommendation 8 of the Joint Committee Report? If so, when was it requested and can it be made available to the Committee?

Please note, as set out above, that the Central Bank did not have any role in the review and approval of the 2025 Prospectus.

The Central Bank obtained legal advice with regard to the approval of the 2024 Prospectus and in respect of the litigation taken against the Central Bank with regard to the 2024 Prospectus. That legal advice is subject to legal professional privilege and, as mentioned at the last Joint Committee meeting on this matter, the Central Bank does not share its legal advice. That said the Central Bank has put a significant amount of information into the public domain already with regard to the 2024 Prospectus, including through its correspondence and engagements with the Joint Committee.

5. Did the Central Bank take all possible steps to suspend the offer of the prospectus under their obligations to ‘prevent trade or investment relations that assist in the maintenance of the illegal situation created by Israel in the Occupied Palestinian Territories’ as outlined in the ICJ opinion of July 2024 under Recommendation 14 of the Joint Committee Report. If so, what actions were taken and when?

The Central Bank’s assessment was that it did not have a legal basis under EU law, national law or international law to refuse to approve or suspend the 2024 Prospectus. The ICJ opinion is not legally binding. It is addressed to Member States of the United Nations, other States and international organisations and not to the Central Bank. The ICJ opinion of July 2024 is not, therefore, a basis upon which the Central Bank could refuse to approve or suspend the 2024 Prospectus. The Central Bank addressed this matter in its opening statement to and at the last Joint Committee hearing with regard to this matter.

6. As detailed in your letter to the Committee, approval of the 2025 bond prospectus was transferred to the competent authority in Luxembourg beginning September 2nd. At what point did the Central Bank of Ireland’s approval end and the approval of the Luxembourgish competent authority begin and was there any overlap in these approvals?

The Central Bank’s approval of the 2024 Prospectus expired on 1 September 2025. It is therefore no longer possible to offer securities under that prospectus.

The CSSF approved a prospectus issued by the State of Israel on 1 September 2025 (the 2025 Prospectus).

It was a matter for the issuer to determine the date upon which it sought approval from the CSSF.

All offers of securities under the 2024 Prospectus had closed before the 2025 Prospectus was approved. Ireland is not one of the jurisdictions to which the 2025 Prospectus has been passported and is not named as an offer jurisdiction in the 2025 Prospectus. The bonds are only offered to the public in Austria, France, Germany, Luxembourg and the Netherlands. This means that the bonds under the 2025 Prospectus cannot be offered to the public in Ireland.

7. Did the Central Bank have to approve the transfer as the host nation of the Israeli bond programme and the approver of the previous prospectus, if so when was this approved and by whom?

Article 20(8) of the EU Prospectus Regulation provides that, on the request of an issuer of securities, the competent authority of the home Member State may transfer the approval of a prospectus to the competent authority of another Member State. Any such transfer is subject to prior notification to ESMA and the agreement of the competent authority to whom the approval function is to be transferred.

In accordance with the EU Prospectus Regulation, the competent authority of the home Member State only approves the transfer to the competent authority of another Member State but does not approve the prospectus. The competent authority of the other Member State then reviews and approves the prospectus.

The Central Bank's Guidance on the Prospectus Regulatory Framework sets out the factors that the Central Bank considers in assessing a request to transfer a prospectus which include:

- the domicile of the issuer;
- the country where the issuer's securities are admitted to trading; and
- the location of any offer proposed by the issuer.

In summary, agreement to the request to transfer is grounded in the connectivity of the relevant jurisdiction with the relevant prospectus.

Ireland is not one of the jurisdictions to which the 2025 Prospectus has been passported to and is not named as an offer jurisdiction in the 2025 Prospectus. The bonds are only offered to the public in Austria, France, Germany, Luxembourg and the Netherlands. It is on this basis that the Central Bank approved the transfer of approval of the 2025 Prospectus to the CSSF.

Article 20(8) of the EU Prospectus Regulation only allows for the transfer of approval of a particular prospectus. Upon completion of the transfer of the approval, the competent authority to whom the approval of the prospectus has been transferred shall be deemed to be the

competent authority of the home Member State for that prospectus for the purposes of the EU Prospectus Regulation.

8. If the Central Bank approved the transfer of approval, how is this consistent with the Joint Committee's recommendation to take all possible steps available to it to suspend the offer of the prospectus under obligations to 'prevent trade or investment relations that assist in the maintenance of the illegal situation created by Israel in the Occupied Palestinian Territories' as outlined in the ICJ opinion of July 2024?

Please see the responses above.

In addition, please note that a transfer of approval of a prospectus under the EU Prospectus Regulation is not equivalent to an approval of a prospectus. Under the procedure set out at Article 20(8) of the EU Prospectus Regulation, it is the competent authority who has accepted the transfer of approval of a prospectus that reviews and approves that prospectus. The authority that transfers the prospectus approval does not have a role in the review and approval process.

It was the Central Bank's assessment that it did not have a legal basis under EU law, national law or international law (including with regard to the ICJ Opinion of July 2024) to refuse to approve or suspend the 2024 Prospectus or to refuse the transfer of approval.

9. Did the Central Bank approve the prospectus prior to transfer, or was the responsibility for decision on approval transferred to the competent authority in Luxembourg? If the new prospectuses were approved prior to transfer to the competent authority in Luxembourg, did you act in relation to Joint Committee recommendations 3, 5, 8 and 14 prior to that approval?

No, the Central Bank did not have a role in the approval of the 2025 Prospectus. Once a transfer of approval is agreed under the EU Prospectus Regulation, the transferee authority reviews and approves the relevant prospectus. Accordingly, in this case, the CSSF reviewed and approved the 2025 Prospectus.

10. If the decision in relation to approval was transferred to the competent authority in Luxembourg, did the Central Bank request that the competent authority undertake a review in respect of international law, to seek supplementary information from the issuer, and undertake an analysis of the completeness of the prospectus? Did the Central Bank inform the competent authority that the Joint Committee requested these actions?

As the process of approval of the 2025 Prospectus was transferred to the CSSF in Luxembourg, the Central Bank did not have a role in that process. It was a matter solely for the CSSF to decide whether to approve the 2025 Prospectus. The Central Bank is restricted by professional secrecy obligations from providing information with regard to its interactions with the CSSF on this matter.

11. What correspondence took place between the Central Bank of Ireland and the issuer of the Israeli bond programme in the months proceeding the renewal deadline on September 2nd either verbally or in writing?

As noted at question 2 above, the Central Bank is restricted by way of professional secrecy obligations from releasing confidential information with regard to its engagements with the issuer on this matter. The Central Bank has released as much information as possible with regard to the 2024 Prospectus and 2025 Prospectus. The Central Bank cannot release information covered by professional secrecy.

12. Why did the Central Bank of Ireland not inform the JOC that in the case of a transfer Ireland would remain the “home member state” for Israeli bonds at any time, either during the hearing and subsequently in writing?

In the letter to the Joint Committee from the Central Bank, dated 11 July 2025, it was noted as follows:

“Third countries’ issuers of non-equity securities with a denomination below €1,000 have to choose one of the competent authorities in the EU as their Home Member State subject to certain criteria set out in the EU Prospectus Regulation. In particular, under Article 2(m)(iii) of the Prospectus Regulation, such issuers can choose their EU Home Member State from those in which the securities are intended to be offered to the public for the first time or where the first application for admission to trading on a regulated market is made. The choice of Home Member State within the EU is up to the issuer and the Central Bank can only object if we do not believe we have legal jurisdiction for the approval based on the Prospectus Regulation.

Prior to 2021, the UK was the EU Home Member State under the Prospectus Regulation for the State of Israel. Ireland was chosen as new Home Member State following the UK's departure from the EU.

As outlined by ESMA, Ireland will now retain this status as Home Member State for issuances of non-equity securities with a denomination below €1,000 by the issuer.

This is subject to Article 20(8) of the Prospectus Regulation which allows for a transfer of the approval of a particular prospectus on request of the issuer. In that regard, on request of the issuer, the offeror or the person asking for admission to trading on a regulated market, the competent authority of the Home Member State may transfer the approval of a prospectus to the competent authority of another Member State, subject to prior notification to ESMA and the agreement of that competent authority.

Finally, another provision of the Prospectus Regulation, Article 2(m)(ii), provides for a separate choice of Home Member State for issuances of non-equity securities whose denomination per unit amounts to at least €1,000. This Home Member State choice is made on a prospectus-by-prospectus basis.”

Our intention with the inclusion of the underlined text above was to state that while the Central Bank could transfer approval of a particular prospectus, the Central Bank would retain its status as Home Member State competent authority for issuances of non-equity securities with a denomination below €1,000.

13. At the JOC meeting on 11 June Deputy Governor Mary McMunn quoted the first section of Article 20.8 of the Prospectus regulations:

“On request of the issuer, the offeror or the person asking for admission to trading on a regulated market, the competent authority of the home Member State may transfer the approval of a prospectus to the competent authority of another Member State, subject to prior notification to ESMA and the agreement of that competent authority.”

Article 20.8 concludes with the following:

“Upon completion of the transfer of the approval, the competent authority to whom the approval of the prospectus has been transferred shall be deemed to be the competent authority of the home Member State for that prospectus for the purposes of this Regulation.”

Why did the Central Bank Deputy Governor not explain that a transfer to a “host member state” would leave Ireland as the “home member state”?

We understand that the following exchange at the Joint Committee meeting on 11 June 2025 is the relevant exchange for the purposes of this question:

Deputy Edward Timmins - Can responsibility for the approval process be transferred to another member state of the EU?

Mr. Gabriel Makhlouf - Yes.

Deputy Edward Timmins - Can the Central Bank do that?

Mr. Gabriel Makhlouf - No, not us. The issuer can ask for it to happen.

Deputy Edward Timmins - Can the Central Bank transfer it? If Israel makes the request, can the Central Bank ask Germany to do it?

Ms Mary-Elizabeth McMunn - I have the prospectus regulation in front of me. Under Article 20.8 there can be a transfer on request of the issuer. We can supply more detail on that if the Deputy would like.

Deputy Edward Timmins - Can the Central Bank take the lead? If Israel asks the Central Bank to do the prospectus, can it refuse but name an EU country that will do so, with agreement from that EU country? Can the Central Bank do that?

Ms Mary-Elizabeth McMunn -The specific line in the legislation provides: On request of the issuer, the offeror or the person asking for admission to trading on a regulated market, the competent authority of the home Member State may transfer the approval of a prospectus to the competent authority of another Member State, subject to prior notification to ESMA and the agreement of that competent authority.

Deputy Edward Timmins - It appears to me that the Central Bank has the option of looking to do a transfer.

Ms Mary-Elizabeth McMunn - On the request of the issuer.

Deputy Edward Timmins - On the request of Israel?

An Cathaoirleach - Yes, Ms McMunn said it is on the request of the issuer.

Deputy Edward Timmins The Central Bank does not have the authority itself?

Ms Mary-Elizabeth McMunn - No.

We believe that the Deputy Governor was answering the specific questions asked at the Joint Committee meeting and offered to provide further information with regard to Article 20(8). The questioning then moved on to another aspect of the matter.

As set out above, the letter to the Joint Committee from the Governor of the Central Bank, dated 11 July 2025, noted that while the Central Bank could transfer approval of a particular prospectus, the Central Bank would retain its status as Home Member State competent authority for issuances of non-equity securities with a denomination below €1,000.

14. Why did the CBI not bring to the attention of the committee the critical ESMA regulation re “home member state” in the context of the discussion at the JOC on possibility of Israel choosing a different “home member state”?

That a “home member state” could only be chosen once, as per the Prospectus Regulation and ESMA, was surely known to the CBI.

We refer to the discussion at the Joint Committee on this matter above.

The letter to the Joint Committee from the Governor of the Central Bank, dated 11 July 2025, noted that while the Central Bank could transfer approval of a particular prospectus, the Central Bank would retain its status as Home Member State competent authority for issuances of non-equity securities with a denomination below €1,000. This is in line with the ESMA position as regards home Member States.

15. In August was the Israel Bonds Issuance programme submitted to CBI for approval? On what date was it submitted for approval?

The Central Bank did not have any role in the review and approval of the 2025 Prospectus. The CSSF reviewed and approved that prospectus.

As noted at question 2 above, the Central Bank is restricted by way of professional secrecy obligations from releasing confidential information with regard to its engagements with the issuer on this matter. The Central Bank has released as much information as possible with regard to the 2024 Prospectus and the 2025 Prospectus. The Central Bank cannot release information covered by professional secrecy.

16. An article in Haaretz by Nati Tucker on 2 September 2025, entitled Israel Moves Bond Registration From Luxembourg After Ireland Questions if Funds Finance 'Genocide' states that:

“Israel's Finance Ministry has moved the registration of non-tradeable Israeli government bonds from Ireland to Luxembourg, after Irish authorities raised sharp questions about the designation for the money, even suggesting it could be linked to "genocide.””

It further states that “As a result, Accountant General Yali Rothenberg and his deputy Gil Cohen decided on Monday to move the bond registration to DCI, a company registered in Luxembourg, a popular place for countries to register their government debt.”

What clarifications did the CBI seek from the State of Israel as the issuer of Israel Bonds?

As noted at question 2 above, the Central Bank is restricted by way of professional secrecy obligations from releasing confidential information with regard to its engagements with the issuer on this matter. The Central Bank has released as much information as possible with regard to the 2024 Prospectus and the 2025 Prospectus. The Central Bank cannot release information covered by professional secrecy.

17. When did the State of Israel seek to transfer its prospectus to the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg?

As noted at question 2 above, the Central Bank is restricted by way of professional secrecy obligations from releasing confidential information with regard to its engagements with the issuer on this matter. The Central Bank has released as much information as possible with regard to the 2024 Prospectus and the 2025 Prospectus. The Central Bank cannot release information covered by professional secrecy.

18. Why did the CBI consider and agree to a request from Israel to transfer a prospectus which they were not willing to approve as it was and on which they had sought clarification and/or additional information?

As noted above, where the Central Bank transfers approval of prospectus to another authority, it is not involved in the review and approval of that prospectus by the other authority. It is a matter for that authority to make its own determination with regard to review and approval.

As noted at question 2 above, the Central Bank is restricted by way of professional secrecy obligations from releasing confidential information with regard to its engagements with the issuer on this matter. The Central Bank has released as much information as possible with regard to the 2024 Prospectus and the 2025 Prospectus. The Central Bank cannot release information covered by professional secrecy.

19. Why did the CBI not take account of the JOC Report recommendations?

In particular, why did the CBI not conduct a compliance with EU Prospectus Regulation review including Article 88 of the Preamble, before considering renewal or transfer?

The Central Bank considered the Joint Committee's recommendations as they are applicable to the Central Bank's functions with regard to the 2024 Prospectus. Please see question 1 above with regard to the Central Bank's assessment of compliance of the 2024 Prospectus with the legal and regulatory framework.

20. Why did the CBI not exercise due diligence in relation to its obligations under international law as recommended?

As the "home member state" for Israeli genocide-, apartheid- and occupation-funding bonds, the CBI is making Ireland complicit in genocide. At a minimum, the CBI did not furnish the legal advice requested in relation to compliance with international law.

The Central Bank carefully considered its obligations under EU, national and international law and obtained legal advice in that regard.

Please see question 1 above with regard to the Central Bank's assessment of compliance of the 2024 Prospectus with the legal and regulatory framework.