Banc Ceannais na hÉireann
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Intermediary Times

Welcome to the Intermediary Times

Welcome to the first edition of the Intermediary Times for 2023. The purpose of this newsletter is to highlight specific areas of interest, including potential risks to your business, and what you can do to develop your business in a way that puts consumers first. This edition contains information on many important and interesting topics, including:

- What's New:
    - EIOPA - Supervisory statement on the use of governance arrangements in third countries;
    - Additions to the Central Bank of Ireland portal; and
    - European Commission - Retail Investment Strategy.
- Information on Mortgage Intermediary Renewals;
- Updates on the Fitness and Probity (F&P) requirements for firms seeking to appoint individuals to Pre-Approval Controlled Functions (PCFs);
- Upcoming changes to the F&P application process;
- ESMA public statement – Risks from unregulated products;
- Key Consumer Risks in the Retail Intermediary (RI) sector;
- Structured Retail Products;
- Annual Returns;
- Reminders on the Anti-Money Laundering and Counter Terrorism obligations on regulated firms;
- An update on the role of the Financial Industry Forum; and
- Updates from the ICCL.

We hope that you find this newsletter useful and as always, we welcome your feedback, as well as any suggested topics that you would like to see in future editions.

Des Ritchie

Head of Consumer Protection: Investment Firms, Intermediaries & Client Assets Division.

Contents

What's New

Governance arrangements in third countries

In February 2023, the European Insurance and Occupational Pensions Authority (EIOPA) published a Supervisory Statement to ensure appropriate supervision of the compliance of insurance undertakings' and intermediaries' activities in relation to their governance arrangements in third countries. EIOPA and National Competent Authorities (such as the Central Bank of Ireland) will closely monitor market developments regarding the use of third country governance arrangements.

The Central Bank will be closely monitoring market developments regarding the use of third country governance arrangements.

Changes to the Central Bank of Ireland Portal (Portal)

Since June 2022, Portal users have had the ability to link their Online Reporting (ONR) accounts to their Portal accounts, which allows users to access their regulatory returns service via the Portal platform. We would like to thank all users that have taken the time to do so. Those that have not yet taken this action are asked to link their ONR account as soon as possible, as access to the ONR via the old login screen will be removed for all users later this year. Following the removal, returns will only be accessible via the Portal and it is recommended that users should have their access set up well in advance to ensure a smooth transition. Guidance on how to link an account can be found here.

Later in 2023, regulatory returns will only be available via the Portal. Firms are requested to link their current ONR access to the Portal in advance.

European Commission - Retail Investment Strategy

On 24 May 2023, the European Commission published proposals as part of its Retail Investment Strategy (RIS). The objective of the RIS is to empower consumers of investment products and services to make informed decisions that are closely aligned with their needs and preferences, ensuring they are treated fairly and adequately protected. The package adopted by the Commission includes measures relating to key aspects of investor protection, including suitability, inducements, disclosures and digitalisation. The Central Bank of Ireland (Central Bank) expects all RIs providing investment services to be cognisant of the RIS and the potential significant impact on investor protection requirements. Further information can be found here.

The objective of the RIS is to empower consumers to make informed decisions that are closely aligned with their needs and preferences.

Recent Central Bank Speeches, Blogs & Publications

- On 27 May 2023, Governor Gabriel Makhlouf gave a speech at the Dubrovnik Economic Conference to discuss Monetary and Fiscal Policy in Times of Inflation.

Gabriel Makhlouf, Governor

- On 24 May, the Central Bank released a Press Release to discuss the publishing of the Central Bank Annual Report for 2022 and the Annual Performance Statement 2022 – 2023.

- On 5 May, Governor Gabriel Makhlouf published his blog where he discussed the impact of Crypto and how the Central Bank can protect the Consumer.

- On 26 April 2023, the Central Bank published research and information on ongoing work to ensure consumers are protected in a changing economic landscape.

- On 21 April, Governor Gabriel Makhlouf provided the opening remarks at the Central Bank's Financial Industry Forum.

Gerry Cross, Director, Financial Regulation Policy & Risk

- On 28 March 2023, Gerry Cross, Director of Financial Regulation: Policy and Risk, gave a speech on Implementing DORA & achieving enhanced digital operational resilience in European financial services.

- On 22 March 2023, Gerry Cross, Director of Financial Regulation: Policy and Risk, gave a speech on the Review of the Consumer Protection Code: securing customers' interests.

- On 10 March 2023, Deputy Governor, Derville Rowland, gave a speech at Walkers Ireland, in relation to the importance of enhanced diversity and inclusion within the financial services sector.

Derville Rowland, Deputy Governor

- On 9 February 2023, Deputy Governor, Vasileios Madouros spoke at the University of Limerick, to discuss the outlook for inflation in Ireland.

- On 30 January 2023, Governor, Gabriel Makhlouf, published his blog which set out his views on protecting consumers in a high inflation environment.

Vasileios Madouros, Deputy Governor

- On 17 November 2022, Deputy Governor, Sharon Donnery gave a speech at the Financial Services Annual Dinner, to discuss the changing financial services landscape and how the Central Bank is delivering on its mandate through these challenges.

Sharon Donnery, Deputy Governor

- On 10 November 2022, Director of Consumer Protection, Colm Kincaid gave a speech at the Compliance Institute Annual Conference, to discuss the key risks facing consumers in this changing environment.

Colm Kincaid, Director of Consumer Protection

Mortgage Intermediary Renewals

All firms authorised as a mortgage intermediary under the Consumer Credit Act, 1995 (CCA) prior to 2017 are required to apply for a new authorisation under the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (CMCAR), before their current authorisation expires. Most firms, authorised as a mortgage intermediary under the CCA pre-2017, were granted an authorisation for a fixed period of 10 years, and that authorisation will expire after the 10 years has elapsed. New CMCAR authorisations do not have a limited time period.

The onus is on each firm to be aware of the expiration date of its authorisation(s) and to submit an application for authorisation in a timely manner. **The Central Bank will only grant authorisation once it is satisfied that the firm meets the authorisation requirements.**

If a firm does not obtain a new authorisation prior to the expiration of its existing authorisation(s), it will have to cease providing this mortgage intermediation. Extensions to existing authorisations cannot be provided and it is an offence, pursuant to Section 30(12) of the CMCAR, for a firm to act as a mortgage credit intermediary unless it is authorised by the Central Bank to do so.

How can firms support the Central Bank's assessment of their application?

- By submitting complete and accurate application forms and Individual Questionnaire (IQ) forms in respect of all proposed PCFs;
- By keeping up to date with all of their existing regulatory obligations:
  - continued compliance with the Minimum Competency Regulations 2017;
  - keeping records up to date, including in respect of the PCF role holders in the firm;
  - ensuring that all regulatory levies have been paid; and
  - addressing any supervisory issues as they arise;
- By engaging with the Central Bank in as full and as frank a manner as possible on their applications; and
- By attending one of the Central Bank webinars – information on the next webinar will appear on the Central Bank website here.

Did you know?

All firms authorised as Mortgage Intermediaries prior to 2017 must apply for a new authorisation before their current authorisation expires.

The onus is on each firm to be aware of the expiration date of their mortgage intermediary authorisation.

The Central Bank has been holding a number of webinars to assist firms in the authorisation process. Full details on the next webinar will be posted on the Central Bank website here.

Authorisation F&P Assessment

The Central Bank provided information in the June 2022 edition of the Intermediary Times on the F&P assessment and common issues that arise as part of the assessment during the application process. Firms intending to apply to the Central Bank to operate as an intermediary should review the relevant sections of the Intermediary Times if they want to avoid these common issues.

Section 3.1 of the F&P Standards requires a person to have the qualifications, experience, competence and capacity appropriate to the relevant function.

Regulation 4 of the Minimum Competency Regulations 2017, states the following:

A regulated firm shall ensure that a person subject to the Minimum Competency Code (MCC) performing a relevant function on its behalf has obtained the competence and skills appropriate to the relevant function, through experience or training gained in an employment context.

Firms intending to apply for authorisation to hold an additional authorisation type (e.g. an insurance intermediary seeking authorisation to act as a mortgage credit intermediary), should consider how the relevant individual(s) in the firm are fit and proper for the role. The firm should consider the individual(s)' experience, qualifications and transferable skills from another role (if relevant) in advance of submitting an IQ.

Failure to demonstrate how individuals meet the F&P standards can result in an elongated application process.

An applicant's F&P is assessed with reference to the new authorisation being sought, and meeting MCC and the F&P requirements in respect of insurance, for example, does not mean that the requirements are satisfied in respect of mortgages. If the Central Bank has concerns about whether, or not, a proposed PCF role holder in the firm meets the F&P requirements, he/she may be invited to attend an F&P interview.

Useful tip:

As set out in the Companies Act, a private limited company may have one director but, if it has only one director, it must appoint a separate company secretary. Firms should consider whether an existing director appointed for the purpose of meeting the second director requirement that was previously in place, is actively carrying out that role and consider whether they meet the F&P requirements. If a firm decides to remove that director, it should update its Central Bank and the Companies Registration Office records in advance of submitting an application.

Private limited companies are no longer required to hold two directors and firms should review their structure if required.

F&P Interviews

As part of the Central Bank's assessment of an application for authorisation as a RI, it may hold one or more F&P interviews with individuals proposing to hold PCF roles in firms. Any applicant may be called to attend an F&P interview, including both new entrants and applicants already holding PCF roles (or applicants who have held a PCF role previously).

Examples of why an applicant may be called to attend a F&P interview include, but are not limited to:

- Poor quality application submission;
- Concerns regarding an individual's F&P; and
- Concerns regarding the level of an individual's experience in the sector and/or in acting as a director/senior manager.

Some examples of topics that are raised in F&P interviews are set out in the F&P Interview Guide, which is available on our website.

Please note that the Central Bank will only grant an authorisation/registration to a firm once it is satisfied that the proposed PCF role holders are fit and proper and that the firm meets the authorisation/registration requirements. Information and guidance on F&P requirements, the assessment process as well as the interview process, is available on the Central Bank website.

Useful Link

The Central Bank's Regulatory Service Standards Performance Report H2 2022 was published on the Central Bank's website in March 2023. Table 6 of the report provides information on the Central Bank's performance in respect of the service standards for RIs and debt management firms. Some useful information on the average turnaround times for applications in calendar months is provided underneath the table.

Did you know?

Section 23 (6) of the Central Bank Reform Act 2010 entitles the Central Bank to hold an assessment interview with individuals seeking PCF roles.

Individuals called for F&P interviews should be familiar with the F&P Interview guide available on the Central Bank website here.

An authorisation/ registration of a firm will only be granted once the Central Bank is satisfied that the PCF holders are fit and proper for the role.

New F&P Section on the Portal

The Portal has been enhanced to facilitate the submission of applications to become a holder of a PCF. From 24 April 2023, IQs must be submitted via a new dedicated F&P section on the Portal.

The new F&P section on the Portal provides applicants with an enhanced process for submitting applications. A new IQ has been developed and must be used for PCF applications submitted from 24 April 2023. A copy of the new IQ is available on the Central Bank's website. The new process for the population and submission of IQ applications consists of three parts, which are described below:

1. Account Settings

Firstly, the applicant registers as a Portal User and enters their name and address in the Account Settings section of the Portal. The point of contact and the proposer must also register as Portal Users.

2. F&P Profile

Secondly, the applicant creates their F&P profile which contains information that would typically be in a curriculum vitae. It must be entered before completing Part 3 of the IQ and is retained on the Portal so that it can be updated and re-used for subsequent PCF applications in the same entity. The F&P profile comprises various sub sections including personal details, experience, qualifications, professional memberships, training, regulatory approvals and positions currently held in non-regulated firms and in financial service providers in other jurisdictions.
Personal details such as date of birth and other demographic information, which is requested on a consent basis, will be published on an anonymised basis in the Central Bank's annual Demographics of the Financial Sector Report.

3. PCF Application

Finally, the applicant and proposer populate the IQ application itself which is similar to the existing IQ application. The main difference is that information that the applicant has already entered in the F&P profile is prepopulated into the IQ Application. The preliminary questions are divided between the proposer and the applicant. The IQ application is then tailored to the applicant based on these answers. Supporting documentation may be uploaded in each of the 10 sub-sections.
Once all three parts have been completed, the proposer submits the application to the Central Bank for assessment. Any communication with the F&P team, who process IQ applications in the Central Bank, regarding

Did you know?

Since 24 April 2023, IQs must be submitted via a new dedicated F&P section on the Portal.

A copy of the new IQ is available on the Central Bank website here.

The new process consists of three sections;

1. Account Settings;
2. F&P Profile; and
3. PCF Application.

the PCF application will be via Portal messaging and not by email. In addition, the status of the application can be tracked on the Portal. For example if an IQ is on hold, the reason why will be displayed.

Further information on the new F&P application process has been published here on the Central Bank website and was also communicated to Portal Administrators via Portal message in March and April this year.

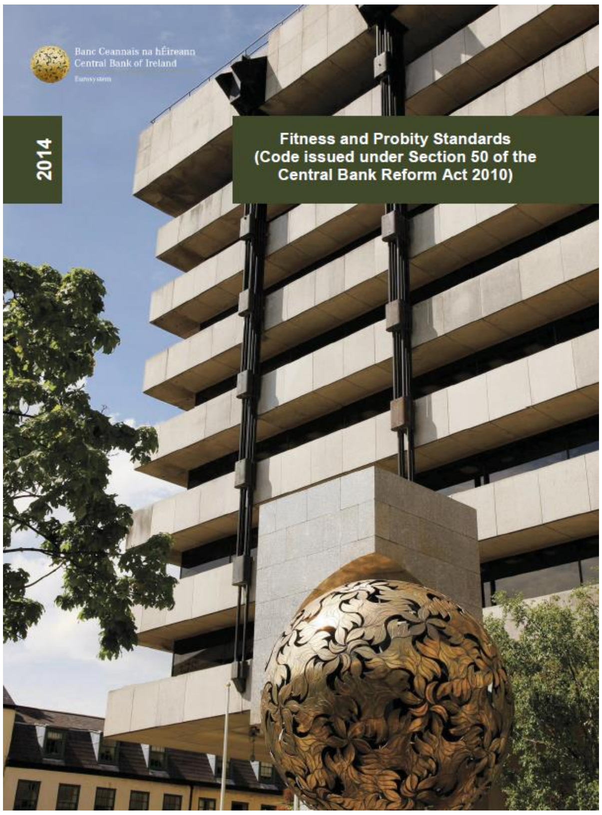
All communications regarding the IQ application should be made via the Portal.

Immediate Action

- Note that the new process whereby IQs are submitted via a dedicated F&P section on the Portal became operational on 24 April 2023 and that a new IQ has been developed and must be used for PCF applications submitted from 24 April 2023;
- If you are involved in the submission of IQs to the Central Bank, i.e. if you act as an IQ Proposer and/or IQ point of contact, or you expect to be a PCF applicant after 24 April 2023, you should familiarise yourself with the new process; and
- If you are involved in the submission of IQs to the Central Bank and are not already a Portal user, register now. Guidance on how to do this is located here.

All individuals who are involved in the submission of an IQ should familiarise themselves with the new IQ process.

Guidance on how individuals can register to become a Portal user is available here.



European Securities and Markets Authority (ESMA) Public Statement highlighting risks from provision of unregulated products

Background

On 25 May, ESMA issued a public statement highlighting the risks arising from the provision of unregulated products and/or services by investment firms. The Central Bank and ESMA have observed firms offering products and/or services, which are outside the scope of financial services regulation but that are offered to investors as investment alternatives to financial instruments. The ESMA public statement reiterates many of the expectations that the Central Bank has previously set out to investment firms in its Dear CEO letter dated 25 June 2020. While both the ESMA public statement and Central Bank Dear CEO letter are directed at the investment sector, they are equally applicable to RIs and the rest of this article should be read in that context.

On 25 May, ESMA issued a public statement highlighting the risks arising from the provision of unregulated products and/or services by investment firms.

Key Points

The purpose of the ESMA Statement is to set out some of the risks that may arise, and the issues that firms should pay particular attention to, when providing unregulated products and/or services. ESMA is concerned that the practice of investment firms also offering products and services that are not regulated gives rise to both investor protection and prudential risks. Where firms engage in providing both regulated and unregulated products and/or services, there is a significant risk that investors may misunderstand the protections they are afforded when investing in those unregulated products and/or services. In particular, there is a risk that investors may not be aware that the protections afforded by investment services regulation do not apply to unregulated products and/or services and that, in the event of an adverse event, they are unlikely to have the same levels of recourse.

The purpose of the ESMA statement is to set out some of the risks that may arise, and the issues that firms should pay particular attention to, when providing such unregulated products and/or services.

Ineffective disclosures in relation to capital-at-risk products or non-disclosure of the loss of consumer protections when investing in unregulated products could mislead a consumer as to the level of investment risk, and potentially lead to financial loss that is outside of the consumer's intended risk appetite.

ESMA Expectations

ESMA has set out clear expectations of firms when providing unregulated products - firms should:

- take all necessary measures to ensure that consumers are fully aware of the regulatory status of their product/service;
- ensure terminology used does not imply that the product and/or service is regulated or protected where this is not the case;
- clearly disclose to clients when regulatory protections (including investor compensation schemes) do not apply to the product or service provided;
- ensure that the investment firm's regulatory status is not used as a promotional tool; and
- ensure information on the firm's website related to unregulated activities is clearly distinguished from regulated activities.

ESMA has set out its expectations on firms when providing unregulated products.

ESMA recommends that firms take into consideration the impact that their unregulated activities may have on their business activity as a whole.

Central Bank Expectations

The Central Bank's expectations are strongly aligned to those set out above, as detailed in the previous Dear CEO letter. It is expected that firms will clearly and effectively distinguish unregulated products or services from their regulated business. It is important that consumers are aware where products are unregulated and not subject to the same standards of consumer protection.

Firms are expected to read the ESMA statement in conjunction with the Central Bank's Dear CEO letter and to review their arrangements, processes and disclosures and ensure that they meet the expectations set out. Firms should make the necessary adjustments to ensure they are mitigating risks to consumers if offering unregulated products and services. In addition, the Central Bank expects RIs to consider their Professional Indemnity Insurance (PII) cover, and whether or not their PII covers unregulated activities. This should be clearly disclosed to consumers prior to offering an unregulated product or service.

The Central Bank expects all firms to review their arrangements in relation to unregulated products and services, to ensure processes and disclosures meet Central Bank expectations.

In addition to the above expectations, the Central Bank included a specific theme on unregulated activities in our published Discussion Paper on the Review of the Consumer Protection Code. The paper outlines concerns around the potential 'halo effect' of regulated firms providing unregulated products or services. The Central Bank is considering the input received from the Discussion Paper and how best to mitigate this risk.

The ESMA press release and public statement can be found here.

Key Consumer Risks in the RI Sector

Consumer Protection Outlook Report

In March 2023, the 2023 Consumer Protection Outlook Report was published. The report outlines the five key drivers of consumer risk in Ireland that have been identified for firms to focus on to protect consumers and the integrity of the financial system.

These risks reflect the feedback and engagement from stakeholders over the last year, following the request to hear people's views on the risks last year. This feedback was incorporated into the annual risk assessment process which has confirmed the key risk drivers remain broadly unchanged and will remain in place for a multi-year period.

The annual risk assessment process has confirmed anchoring on the five Key Drivers of Consumer Risks:

- The changing operational landscape;
- Poor business practices and weak business processes;
- Ineffective disclosures to consumers;
- Technology-driven risks to consumer protection; and
- The impact of shifting business models.

These risks are particularly relevant to the RI sector, as a key distribution channel for insurance, pensions and investments, and mortgage products. All RIs are expected to consider and assess these risks in the context of their own business activities, and make changes where necessary to ensure they're acting in the best interests of consumers.

In relation to the publication, Director of Consumer Protection, Colm Kincaid, said:

"Notwithstanding our assessment that the Key Drivers of Consumer Risk remain substantially unchanged, there are significant changes in the environment influencing these risks including cost of living challenges, rising interest rates and continuing developments in digital financial services. In anchoring on these risk drivers for our work in 2023 and beyond, we hope to also provide a degree of predictability and certainty for regulated firms. This will mean regulated firms can similarly devote their efforts to making long-term sustainable improvements under these headings. For our part, we will continue to set high expectations of the firms we regulate and scrutinise how they meet those expectations. The Report includes a description of key bodies of work we will do this year to deliver on our Strategy with respect to the Key Drivers of Consumer Risk".

The 2023 Consumer Protection Outlook Report was published in March 2023.

The five key drivers of consumer risk are:

1. **Poor / weak business practices;**
2. **Ineffective disclosures;**
3. **Changing operational landscape;**
4. **Technology driven risks; and**
5. **Shifting business models.**

RI Sectoral Strategy

In addition to the Outlook Report, the Central Bank has developed a multi-year RI Sectoral Strategy which aims to treat the key drivers of consumer risk in the RI sector in order to deliver positive outcomes for consumers. In formulating the RI Sectoral Strategy, we have concentrated on the key risk areas identified as having the potential to cause significant detriment for consumers.

The three key risk areas identified in the RI sector are as follows:

- Risk that the sector may not always meet consumer' needs, including where firms do not have adequate practices and/or processes;
- Commissions and Ineffective Disclosures; and
- Changing Operational Landscape.

As part of the RI Sectoral Strategy, the Central Bank will undertake a thematic inspection in H2 2023. This inspection will focus on firms' practices and standards and will, inter alia, include a review of firms' compliance with the following key consumer protection requirements:

- Minimum Competency Code (MCC); and
- KYC & Suitability provisions in the Consumer Protection Code.

The review will incorporate both desk-based and onsite phases and in-scope firms will be given sufficient notice where required to make submissions or prepare for onsite visits.

Did you know?

The Central Bank has developed a multi-year RI Sectoral Strategy.

As part of the RI Sectoral Strategy, the Central Bank will be conducting a thematic review in 2023 to review compliance with MCC and Suitability provisions within the code across the sector.

The review will incorporate both desk-based and onsite phases and firms will be given sufficient notice in advance.

Structured Retail Products

Updated guidance for MiFID investment firms in relation to the sale and marketing of Structured Retail Products (SRPs) was issued in March 2023. The guidance is the latest phase of the Central Bank's ongoing work to strengthen the consumer protection framework for the sale of these complex investment products. As a key distribution channel for SRPs, this guidance is directly applicable to RIs. Where RIs sell SRPs to consumers, your attention is drawn to the expectations and guidance set out. It is important that RIs selling complex investment products fully understand the products and risks, to enable them to provide quality, suitable advice that is in consumers' best interests.

Did you know?

The Central Bank has been actively seeking to strengthen the consumer protection framework around SRPs.

The guidance follows on from the findings of a series of targeted reviews of MiFID firms, published in April 2022. These reviews found a number of poor practices and weaknesses in firms' processes, which increase risks to investors. This included failure by firms to consider potential difficulties investors may have in understanding the complex features involved in some SRPs; failing to present past performance information in a fair and balanced manner; and not including prominent capital at risk warnings in marketing materials. The Central Bank intervened with the firms where we found these failures and required remedial action.

Updated guidance for MiFID investment firms in relation to the sale of SRPs was issued in March 2023 and can be found here.

The sale of SRPs and the increasing complexity of products offered by investment firms in the retail market have been a priority focus for the Central Bank in recent years. They are complex products, and while they are fit for some experienced investors, we are of the view that many are not suitable for investors with a low risk appetite or who are inexperienced in financial markets. Where these products are sold to investors, we expect that they are sold with proper investment advice (typically provided by RIs). This includes an assessment of the client's individual circumstances (knowledge/experience, risk appetite, financial situation) and a determination on whether the product is suitable for them. Clients must also be provided with detailed risk disclosures/warnings in the product brochure and investor documentation.

The Central Bank expects that where SRPs are sold to investors, they are sold with proper investment advice.

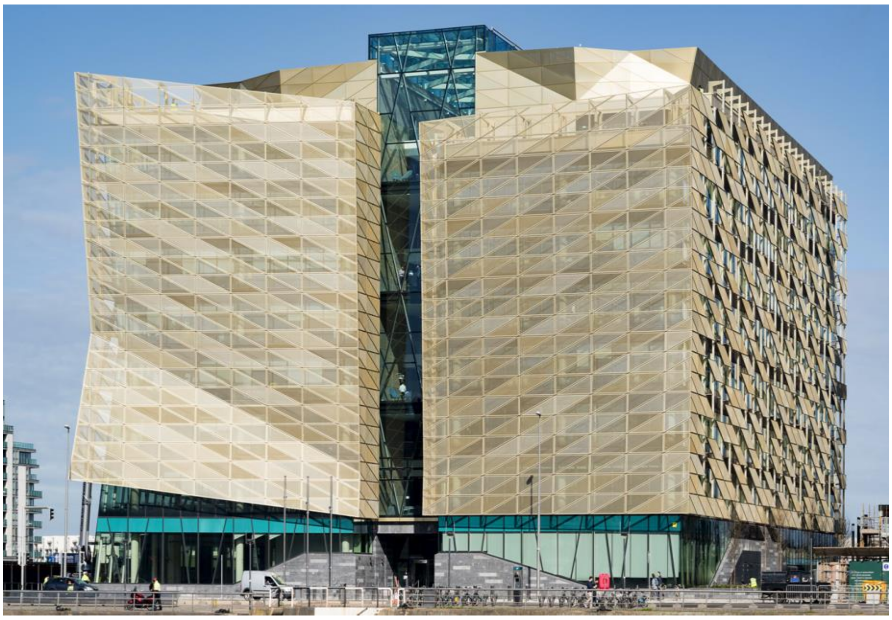
RIs should take any action necessary on foot of this communication to ensure that they are acting in the best interests of consumers.

RI Annual Return

Subject to section 22 of the Central Bank (Supervision and Enforcement) Act 2013, all RIs have a statutory obligation to submit an annual return to the Central Bank no later than six months after their financial year-end. All firms are reminded that Annual returns must be submitted via the ONR System, which from Q4 will only be available via the Portal.

The Central Bank continues to engage with a significant number of firms who do not submit their returns on time, and as such are not meeting their minimum reporting obligations. Failure by firms to submit an annual return may result in the Central Bank taking supervisory or enforcement action, up to and including involuntary revocation of a firm's licence / registration.

Further information on the submission of annual returns, including guidance notes, mock ups and an FAQ are available on the Central Bank website [here].



All RIs are required to submit annual return to the Central Bank no later than six months after their financial year-end.

The Central Bank will continue to engage with firms who are not meeting their minimum reporting obligations.

Failure by firms to submit an annual return may result in the Central Bank taking supervisory or enforcement action.

Anti-Money Laundering and Countering the Financing of Terrorism Supervision

In fulfilling its role as the State competent authority, the Central Bank is required to monitor compliance by RIs with their Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) obligations. These AML/CTF obligations are set out in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended) (CJA 2010).

Firms are required to abide by the obligations as set out in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010.

The RI sector is diverse in terms of the nature, size and risks of firms, varying from subsidiaries of large multi-nationals/insurance companies/credit institutions to one-person operations. While traditionally, the RI sector is considered low risk from an AML/CFT perspective, it is important for the entire financial services sector to remain vigilant and dissuade criminals from targeting the financial system.

It is important that firms remain vigilant to dissuade criminals from targeting the financial system.

Risk-based approach to AML Supervision

Firms should note that the AML/CFT supervisory engagement model is separate and distinct from the Prudential and Consumer Protection supervisory engagement models.

The Central Bank implements a risk-based approach to AML/CFT supervision of credit and financial institutions. Effective risk-based supervision entails identifying money laundering and terrorist financing risks and supervising firms commensurate with the risks identified and taking necessary action to bring about compliance.

The Central Bank implements a risk-based approach to AML/CFT supervision.

The Central Bank implements a graduated approach to AML/CFT risk-based supervision. What this means is that the Central Bank has various supervisory tools (e.g. onsite inspections, AML/CTF Risk Evaluation Questionnaires and outreach communications/events) in place to monitor and obtain compliance with respect to a firm's AML/CFT obligations under the CJA 2010.

Risk Evaluation Questionnaire (REQ)

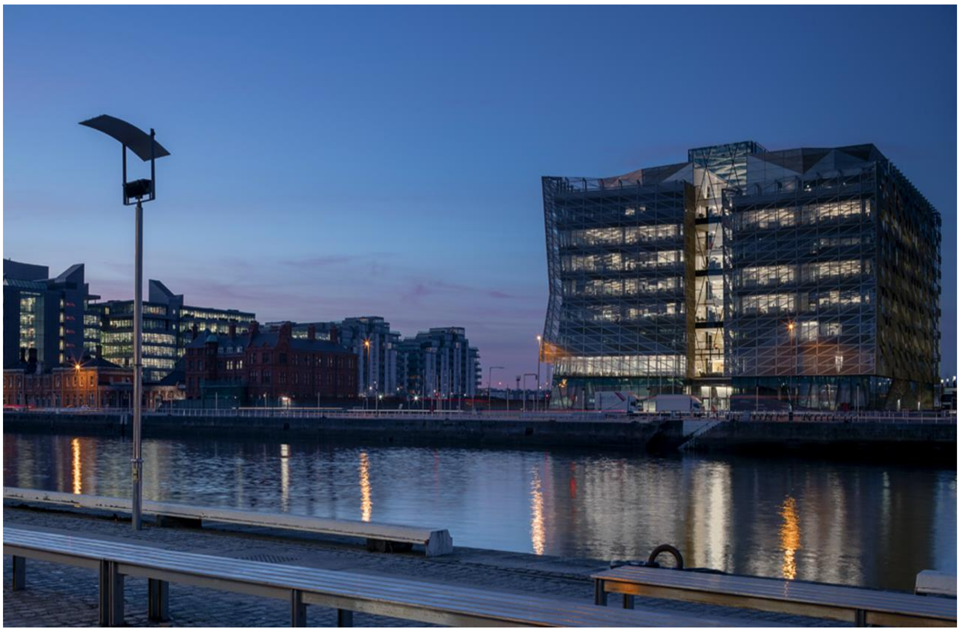
As part of the 2023 AML/CFT supervisory programme, the Central Bank will be requesting a sample of the RI sector to submit an REQ. Selected firms will be contacted directly by the Central Bank and are expected to submit the REQ within the requested deadline.

Irrespective of receiving a request to submit an REQ, RIs are reminded of their obligation to comply with the AML/CFT requirements as set out in the CJA 2010 and if found to be in breach, firms will be required to undertake remediation action. Designated persons who fail to engage with the Central Bank and undertake the required remedial action or, are found to have committed serious breaches under the CJA 2010 may find themselves subject to an enforcement action taken under the Central Bank's Administrative Sanctions Procedure.

The Central Bank will be issuing a risk evaluation questionnaire to a sample of firms throughout 2023.

Useful Information

The Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector (revised on 23 June 2021) sets out the expectations of the Central Bank in respect of credit and financial institutions compliance with their AML/CFT obligations.



Failure by firms to comply with the CJA 2010 may result in enforcement action being taken.

Financial Industry Forum

In 2022, the Central Bank established the Financial Industry Forum (the Forum) to provide a formal forum for Central Bank senior leaders to engage with financial services industry stakeholders. The Forum, which is chaired by Governor Gabriel Makhlouf, works to facilitate constructive, open, two-way debate and discussion with senior financial industry representatives. It focuses on issues of strategic importance for financial services in Ireland, the financial sector and the Central Bank as well as significant, cross-sectoral issues relevant to the mandate of the Central Bank. The Forum met twice in 2022 – in May and October. You can read about these meetings here and here.

Did you know?

The Forum was set up in 2022 to provide a formal forum between the Central Bank and financial service stakeholders.

Additionally, three sub-groups of the Forum have been established, and meetings were held in Q1 2023, comprising:

- **Domestic Sub-Group** – This Sub-Group considers the regulatory framework and considers the implementation of policy and emerging trends for firms. Chaired by Derville Rowland, Deputy Governor (Consumer and Investor Protection);
- **International Sub-Group** – This Sub-Group focuses on the regulatory framework, implementation of policy and emerging trends (and the associated opportunities and threats) relevant to firms servicing international markets. Chaired by Sharon Donnery, Deputy Governor (Financial Regulation); and
- **Innovation Sub-Group** – This Sub-Group facilitates strategic dialogue between the Central Bank and the financial sector on the ongoing enhancement of innovation in the financial system. Chaired by Gerry Cross, Director of Financial Regulation – Policy & Risk.

As part of the Forum, three sub-groups were also formed;

1. Domestic Sub Group;
2. International Sub Group; and
3. Innovation Sub Group.

There are 14 members of the Financial Industry Forum and they represent industry bodies from across the financial services sector in Ireland of which includes both Brokers Ireland and the Association of Irish Mortgage Advisors. Brokers Ireland are also a member of the International Sub-Group. The Forum and Sub-Groups will each meet twice a year. A key theme of the Central Bank's Strategy is being open and engaged. Through the establishment of Financial Industry Forum and the Sub-Groups, we are emphasising this theme by establishing formal structures to listen to and build dialogue with our stakeholders allowing us to contribute to enhancing trust in the financial system and fostering a wider understanding of our role.

There are currently 14 members of the Forum – more details are available on the Central Bank website.

Investor Compensation Company (ICCL)

The ICCL is offering a discount of 5% (capped at €25) to participant firms on their annual levy who sign up to Direct Debit via the ICCL website **before 31 July 2023.**

Benefits of Direct Debit include:

- Reduction to annual ICCL levy amount paid;
- Reduction in administration costs and time;
- Your ICCL levy is paid on time, and you will avoid penalty interest arising from late payment (15% per annum); and
- Your firm will be compliant with its obligations under the Investor Compensation Act, 1998 (as amended).

To avail of the discount:

1. Simply visit the ICCL website, set up an account in the *'myICCL'* section of the ICCL website and follow the links; and
2. Input the required bank account details, click submit and you will be signed up for Direct Debit.

For a step-by-step guide to registering and signing up for Direct Debit, please refer to the 'myICCL' section of the ICCL website.

Note:

- The ICCL will issue your invoice 35 days in advance of the Direct Debit being collected.
- You can also cancel your Direct Debit at any stage by notifying your Bank and/or the ICCL.

Did You Know?

The ICCL is offering a discount of 5% (capped at €25) to firms who sign up to direct debit.

To avail of the discount, firms need to log on to the ICCL website in advance of 31 July.

The ICCL will issue firms with invoice 35 days in advance of the direct debit being collected.

Reminders

We hope that you have found this newsletter useful. Key takeaways from this edition are:

- RI Annual Returns due for submission in June are now available via the Portal. Firms are reminded of their obligation to submit their annual returns on time;
- Firms should ensure they have linked their ONR and Portal in advance of the changes due later in the year;
- If applicable, firms should be aware of the EIOPA Supervisory Statement on third country governance;
- Any firms who hold a mortgage intermediary authorisation under the CCA should review their authorisation for a potential expiry date;
- Keep an eye on the Central Bank website for the next RI Authorisations Webinar;
- Review the June 2022 edition of the Intermediary Times for updates on the F&P assessment;
- In the event of being requested to attend a F&P assessment, applicants should be aware of the F&P interview guide;
- Be aware that the submission of applications to become a PCF should be submitted via the new section on the Portal;
- Firms should be aware of the recently published ESMA statement in relation to unregulated products and the expectations set out;
- Review our recently published Consumer Protection Outlook Report for 2023 and the key consumer risks identified for the sector;
- Firms should be aware of updated guidance for MiFID firms in relation to the sale and marketing of SRPs;
- Firms should be aware of their obligations under the AML/CTF requirements; and
- Firms should review the ICCL website to avail of a discount.

As always, we welcome your feedback on the content and frequency of this newsletter, as well as any suggested topics that could be covered in future editions.

Contact Us

Central Bank Query	Central Bank Contact
Consumer Protection: **Insurance & Intermediaries:** Authorisation queries Supervision queries Revocation queries Post Authorisation queries Brexit-related queries Statutory Duty Confirmation Reports Portal Support RI Roadshows	 RIAuthorisations@centralbank.ie brokers@centralbank.ie revoke@centralbank.ie postauthorisations@centralbank.ie ribrexitcontingency@centralbank.ie statutoryduty@centralbank.ie portalsupport@centralbank.ie riroadshows@centralbank.ie Postal Address: RIs Supervision Consumer Protection Directorate Central Bank of Ireland PO Box 559 New Wapping Street North Wall Quay Dublin 1 D01 F7X3 Please correspond via email where possible
Consumer Protection: Policy Policy queries Minimum Competency Code	 code@centralbank.ie competency@centralbank.ie
Queries for other Central Bank Divisions:	Central Bank website
Anti-Money Laundering/Countering Terrorist Financing	AMLpolicy@centralbank.ie
Fitness and Probity: Individual Questionnaire queries	 fitnessandprobity@centralbank.ie
Funding Levy	billing@centralbank.ie
ONR queries	onlinereturns@centralbank.ie