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Central Bank of Ireland

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Retail Intermediary Roadshow 2019

Dublin & Galway – 12 & 13 November 2019

Welcome!



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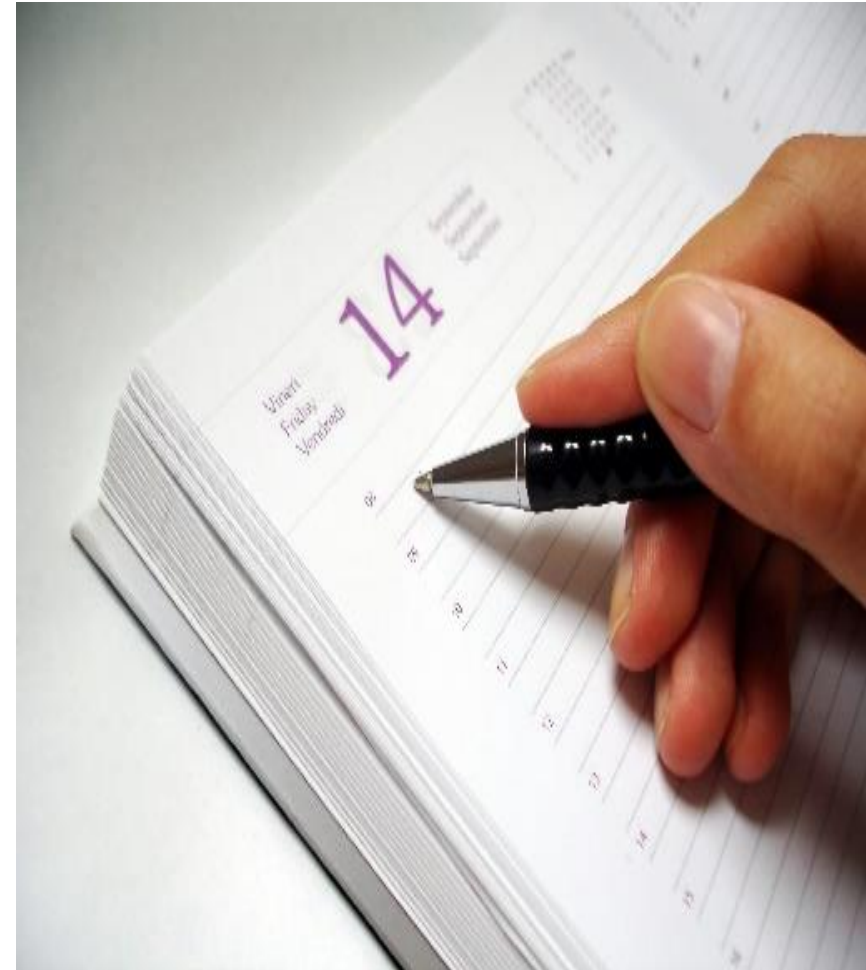
Welcome Cont.

1. Welcome
2. Purpose of Today's Session
3. CPD Accreditation
4. How Today Will Work
5. Running Order - Agenda



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Agenda for the Day

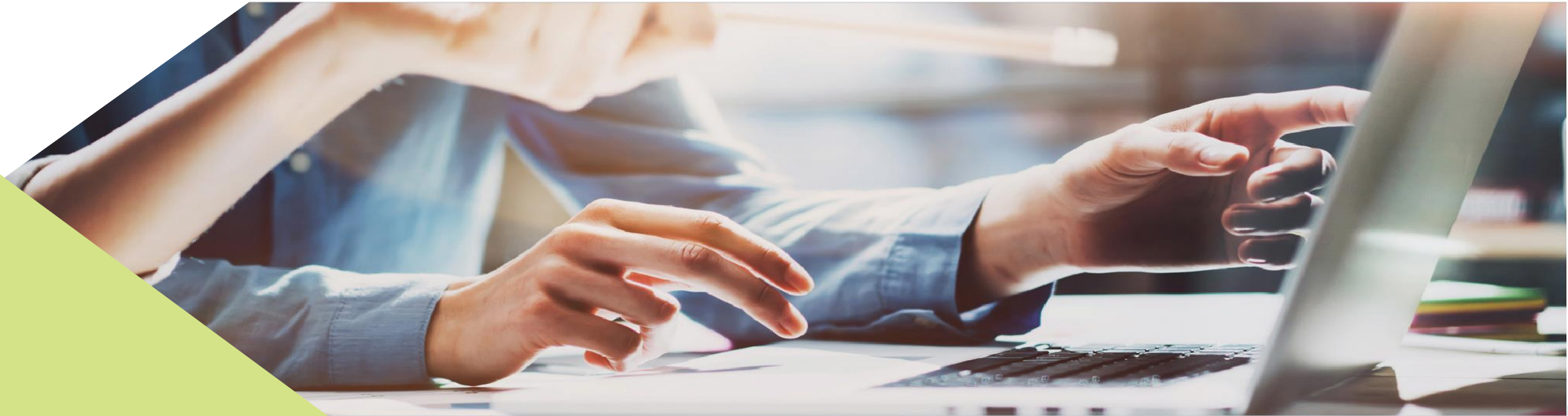
	Name & Division	Topic
1	Pat Sage Consumer Protection: Supervision Division	Retail Intermediary Supervision
2	Fiona Woods Consumer Protection: Policy & Authorisations Division	The Introduction of New Policy Measures
3	Michelle Guiney & Terry Lowen Anti-Money Laundering Division	Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT)
4	Carmel O'Brien & David O'Brien Protected Disclosures	Protected Disclosures
Break		
5	Joanne Doherty & Diarmuid Coen Enforcement Division	Enforcement
6	Edel O'Brien Cybersecurity	Security Awareness
7	Brendan Sheridan Funding Policy	Industry Funding Levy
Wrap Up		





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Retail Intermediary Supervision

Pat Sage – Head of Function, Consumer Protection Supervision:
MiFID, Retail Intermediaries & Insurance Division

Overview

- ❖ Introduction
- ❖ Overview of the Central Bank's role in protecting consumers
- ❖ Retail Intermediaries Supervision
- ❖ Brexit
- ❖ Sale of Unregulated Products
- ❖ Financial Soundness of Insurers
- ❖ FYI
- ❖ Conclusion



What is the Central Bank's role in protecting consumers?

Statutory Objective

"...the proper and effective regulation of financial service providers and markets, while ensuring that the best interests of consumers of financial services are protected"

S6A (2)(b) Central Bank Act, 1942
(as amended)

Statutory Function

"... function of monitoring the provision of financial services to consumers of those services to the extent that the Bank considers appropriate, for the purposes of protecting the public interest and the interests of consumers."

S5A (1)(f) Central Bank Act, 1942
(as amended)



Our Consumer Protection Mandate

How do we meet our Consumer Protection Mandate?

- We drive firms (operating in the Irish financial services sector) to ensure that the best interests of consumers are protected.
- We develop and implement a high quality regulatory framework informed by policy development, EU and International best practice, risk identification and assessment, and consumer focused research.
- We are the gatekeeper for 11 sectors and apply a robust authorisation approach, supported by fitness and probity assessments, to ensure that firms meet regulatory standards.
- We deploy purposeful engagement and assertive supervision through consumer conduct and prudential supervision across 14 sectors. Our supervisory approach is informed by ESA and International engagement and supervisory best practice.
- We pursue enforcement action where warranted.

Why does this matter?

- Regulated firms that put their customers first, treat their customers in a fair and transparent way and are fully compliant with their obligations.
- By firms truly embedding a consumer-focused culture, they deliver fair outcomes for consumers.
- Consumers will have trust and confidence in the financial services sector where high quality, appropriate products and services are provided in a fair, clear and transparent manner.
- We all contribute to serving the public interest by improving the way the Irish financial system works and improving how firms operating in Ireland conduct their business.



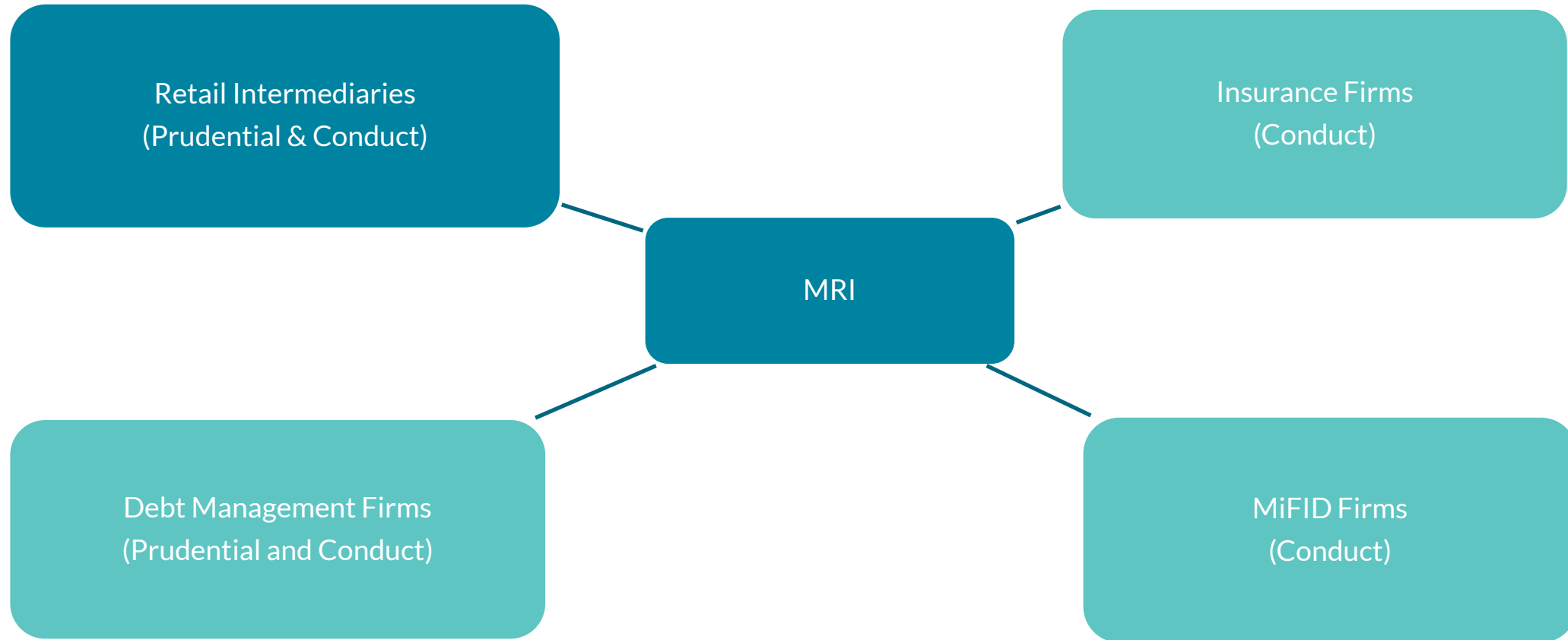
Consumer Protection Policy & Authorisations



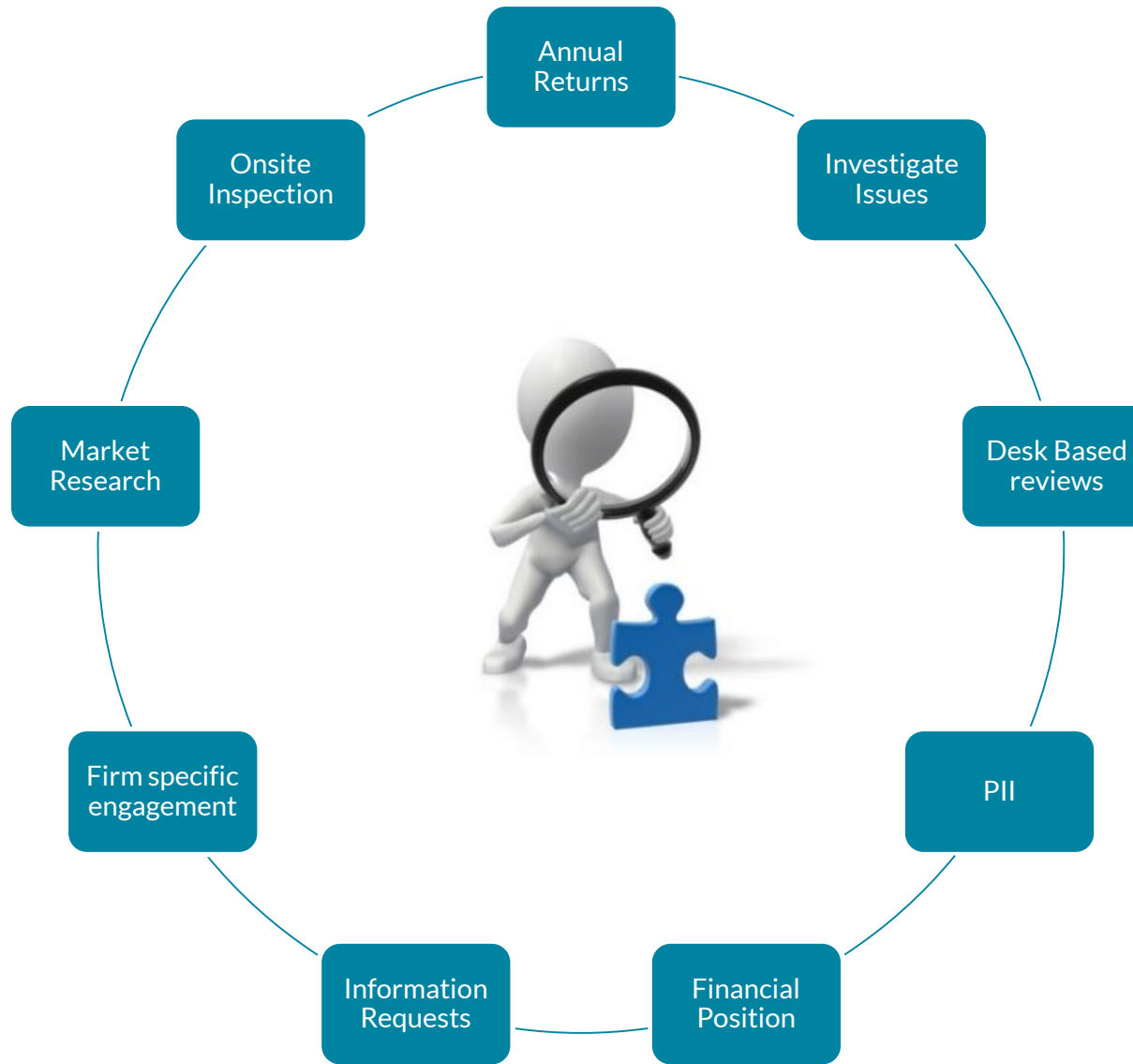
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Consumer Protection Supervision – MRI (MiFID, Retail Intermediaries & Insurance)



How we Supervise the Retail Intermediary Sector



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Minimum Standards of Compliance

■ Submission of Annual Returns

Firms are required to submit Annual Returns. Failure to submit by the due date is an immediate trigger, which is followed up by the Supervision Team and may result in unannounced onsite inspection and Enforcement Action.

■ Professional Indemnity Insurance (PII)

Firms are required to hold appropriate levels of PII. Failure to demonstrate appropriate levels of PII for the regulated activities undertaken is an immediate trigger, which is followed up by the Supervision Team and may result in unannounced onsite inspection and Enforcement Action.

■ Financial Position (for IIA Intermediaries only)

Failure to maintain a positive net asset position (for IIA Firms only). A notice is issued pursuant to Section 22 of the Central Bank (Supervision and Enforcement) Act, 2013 requiring the firm to provide information to the Central Bank of Ireland on how this matter will be resolved. This is followed up by the Supervision Team and may result in unannounced onsite inspection and Enforcement Action.



Desk-Based Supervision

- Ongoing engagement with firms
- Ensuring that **Minimum Standards of Compliance** are met, e.g. submission of Annual Returns, Statutory Duty Confirmations, appropriate PII in place, intermediaries are solvent etc.)
- **Assessment of risks & investigation of issues** as they arise (which may lead to an onsite inspection)
- **Risk Mitigation Programmes (RMPs)** - Ensuring that RMPs have been implemented
- **Enforcement Cases** - Management of ongoing cases
- **Desk Based reviews** – gathering market intelligence in relation to specific products or themes
- **Stakeholder Engagement** (including Brokers Ireland, EIOPA, FSPO etc.)
- **Sectoral Communication** (Intermediary Times, issuing relevant updates, Annual Roadshows)
- **Cross-Bank Engagement** with the Retail Intermediary Authorisations Team (regarding new market entrants or intermediaries seeking an additional authorisation), Policy Team (to input into policy or legislative changes), Post-Authorisation Team (regarding acquiring transactions or revocations), Enforcement & Legal teams.



Onsite Inspections

Thematic Reviews

- ❖ Examine sector wide issues across a sample of firms.
- ❖ Generally, firms will be given advance notice of an onsite inspection.
- ❖ Firms will be selected to provide pre-inspection information for review.
- ❖ Specific findings issued, along with an RMP if required.
- ❖ Industry letter and press release issued.
- ❖ May include Enforcement Action.

Targeted Firm Specific Inspections

- ❖ Investigation of regulatory concerns or issues raised in respect of a specific firm.
- ❖ Generally, firms will be given advance notice of an onsite inspection.
- ❖ Firms will be requested to provide pre-inspection information for review.
- ❖ Specific findings issued, along with an RMP if required.
- ❖ May include Enforcement Action.

Unannounced Targeted Inspections

- ❖ Investigation of regulatory concerns /non-compliance with minimum standards.
- ❖ Firms not given advance notice of an onsite inspection.
- ❖ Follow up engagement until issue is rectified.
- ❖ May include Enforcement Action.



BREXIT

■ Current Position:

- ❖ The EU has granted a “flexextension” to the UK’s plan to leave the EU until 31 January 2020.
- ❖ The UK can still leave the EU before 31 January 2020, if a deal is agreed.

■ What next?

- ❖ The UK government must now try to get Parliament agreement to endorse the deal agreed with the other 27 Member States.
- ❖ If this happens, the UK will leave the EU with an agreed deal on or before 31 January 2020.



BREXIT

■ What does this mean for you?

- ❖ Post-Brexit, it will no longer be possible to passport into the UK and Gibraltar and UK and Gibraltar entities will no longer be able to provide insurance distribution services to EU customers, unless they have obtained the appropriate authorisation in an EU Member State.
- ❖ You should have a contingency plan in place which considers your business model going forward, for example, do you need to seek authorisation in the UK? Will you avail of the UK's temporary permission regime?
- ❖ Have you checked that the insurers you use have appropriate contingency arrangements in place?
- ❖ Have you informed customers (new and existing) of what Brexit means for them?
- ❖ Brexit (and in particular a 'no deal' Brexit) has potentially serious negative consequences for retail intermediaries and the consumers to whom you provide services.



Sale of Unregulated Products

- Some firms may sell products which do not require authorisation by the Central Bank.

- **Disclosure:**

- ❖ Firms must ensure that where they are selling products that do not require regulation, that the customer is aware that they are being sold an unregulated product. Customers should be advised that they are purchasing an unregulated product.
- ❖ Customers must be informed that the product is not covered by consumer protection legislation or by investor compensation schemes.

- **Regulatory Status**

- ❖ Regulated firms must state their regulatory status, in the format required by the Consumer Protection Code, on their website, their stationery and on other documents issued (in relation to the regulated products and services it provides).
- ❖ “Regulated by the Central Bank of Ireland” must not appear on any documentation or on the section of a firm’s website, that relates to unregulated products.



Assessing the Financial Soundness of Insurers

- ❖ Company profile
- ❖ Financial Rating
- ❖ Insurers' Solvency and Financial Condition Report
- ❖ Regulatory Action Taken
- ❖ Protections Available for Policyholders
- ❖ Experience and expertise of the Insurer in the market
- ❖ Third party independent review
- ❖ Contingency plan if the Insurer fails or exits the market



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FYI

■ Review of the Consumer Protection Code

- ❖ Scoping & planning has commenced.

■ Recommendations from the Behaviour and Culture Report

- ❖ Five clear and enforceable conduct standards to apply to all staff in all regulated firms.
- ❖ Senior Executive Accountability Regime (SEAR).
- ❖ Enhancements to the current Fitness & Probity (F&P) regime.
- ❖ Unified enforcement process.



Thank You



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Related Links

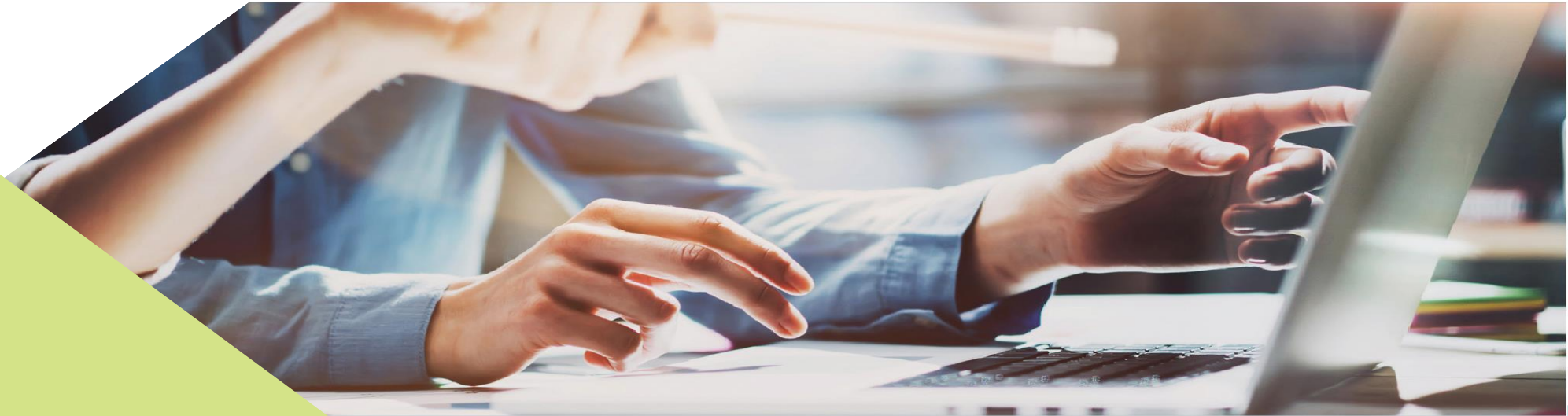
- ❖ Central Bank of Ireland, [Consumer Protection Code Addendum regarding disclosure of commission by intermediaries](#) (September 2019)
- ❖ Deputy Governor Ed Sibley, [Some insurance companies not Brexit ready](#) (September 2019)
- ❖ Deputy Governor Ed Sibley, [Address to the Insurance Ireland Annual Lunch](#) (May 2019)
- ❖ Central Bank of Ireland, [PRISM Explained](#) (November 2011)
- ❖ Philip R. Lane, Former Governor of the Central Bank of Ireland, [The Role of Financial Regulation in Protecting Consumers](#), (February 2017)
- ❖ [Behaviour and Culture of the Irish Retail Banks](#) (July 2018)
- ❖ Director General Derville Rowland, [The Senior Executive Accountability Regime: Our Expectations of Firms](#) (October 2019)





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Intermediary Commissions – Addendum to the Consumer Protection Code 2012

Fiona Woods, Consumer Protection: Policy & Authorisation Division

Agenda

- Introduction
- New measures
- Further research
- Addendum to the Code - IDD changes
- Other changes - IDD
- Q&A



Introduction

Consultation Paper 116 set out proposed new measures in the area of commission payments. The overarching principles underlying these proposals were to avoid conflicts of interest arising from commission payments and to achieve greater transparency for consumers. Following a rigorous consultation process and analysis of the responses received to CP116, the new measures that have been introduced may be summarised as follows:

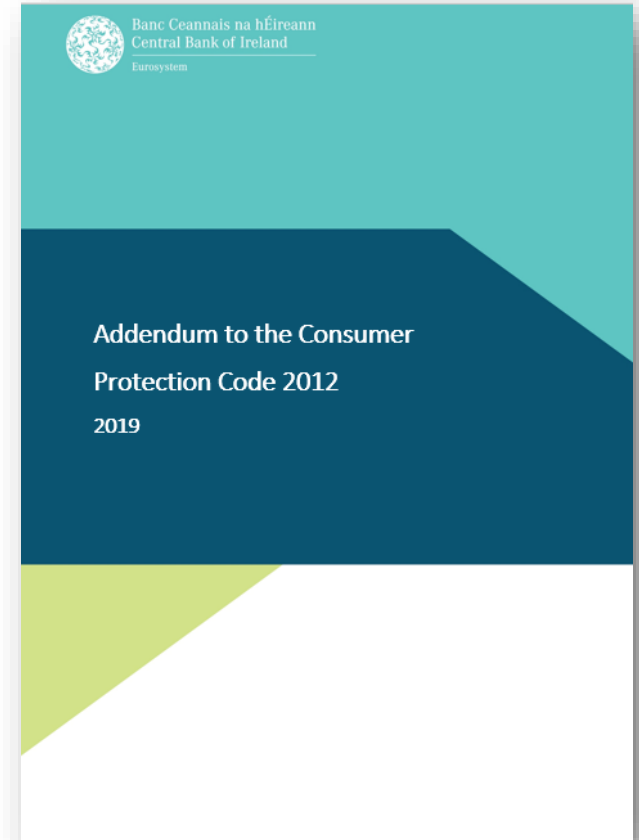
- Consumers to have transparency of commission arrangements between intermediaries and product producers
- Prohibition on certain types of commission arrangements and clarity on use of the term ‘independent’
- Free hospitality for intermediaries such as golf trips and sporting event tickets will be prohibited under the new rules



New Measures

Transparency of Commission Arrangements

- Summary must be brought to the attention of the consumer before concluding a contract
- Where an intermediary operates a website, the summary must be published on the website
- Specific information must be included and clarifications provided to consumers' upon request



New Measures



Conflicts of Interest

- Certain commission arrangements are deemed a conflict of interest and must be avoided
- This includes but is not limited to, targets related to volume, bonus payments linked to business retention and soft commissions
- It includes any commission arrangement that does not consider a consumer's best interests



New Measures

Non-monetary Benefits:

- must enhance the quality of the service to the consumer
- include: training courses, IT software, conferences and hospitality of a reasonable value
- do not include: free gifts such as golf trips, overseas leisure trips, tickets to sporting events

It is crucial that the best interests of the consumer be considered **first and foremost** when providing non-monetary benefits



New Measures



Independence

The term ‘independent’ may **not** be used:

- in your legal or trading name unless **all** regulated activities you provide are on the basis of a fair analysis of the market
- to describe a regulated activity unless it is provided on the basis of a fair analysis of the market, and
- if you accept and retain any commission payment (other than a minor non monetary benefit and/or a fee paid by the consumer) where advice is provided



New Measures

Acceptable Commissions Criteria

- Commissions paid by or provided to an intermediary must not impair compliance with the duty to act in the best interests of the consumer
- A non-monetary benefit must be designed to enhance the quality of the service to the consumer
- You must comply with existing requirements under Chapter 3 and Chapter 5 of the Code and the IDR



Further Research

Inducements Linked to the Size of a Mortgage

- Further research will be undertaken on mortgages
 - this will include the current commission structures used
- It is important to note that the Central Bank may introduce restrictions at a later date



Communicating the New Measures

- This infographic was published to the Central Bank website along with the Press Release on 25 September 2019.
- The aim of the infographic is to enhance consumer comprehension of measures introduced.

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Making broker commissions clearer

Protecting consumers

We're introducing new rules about broker commissions.

The rules are designed to protect you by making broker commissions **clearer** & **more transparent**.

From 31 March 2020 all financial brokers¹ in Ireland must...

- ...tell you about any commission they receive for selling you a financial product or service.
- ...not call themselves "independent" if they take a commission where advice is provided.
- ...not take a commission that could go against your best interests.
- ...not accept hospitality like golfing trips or sports tickets from financial product or service providers.

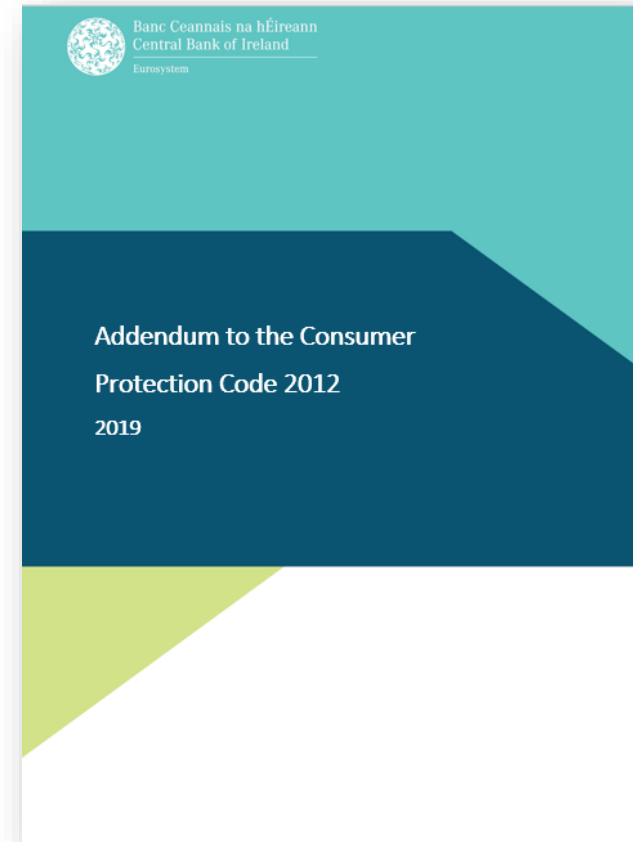
Note: 1. A financial broker, also known as a retail intermediary, is a regulated firm that engages in intermediation (middleman) activities relating to certain financial products and/or provides advice in relation to those products.



Addendum to the Code – IDD Changes

Consequential changes arising from the IDD -

- Chapter 3 General Requirements
- Chapter 4 Provision of Information
- Chapter 5 Knowing the Consumer and Suitability
- Chapter 12 Definitions



Other Changes (IDD)



Professional Indemnity Insurance

- The Delegated Act on RTS on base amounts for professional indemnity insurance was adopted in May by the European Commission
- The Act is not yet in force
- Scrutiny period has commenced
- Publication expected in late Autumn
- Application - six months after publication



Q&A



Thank You



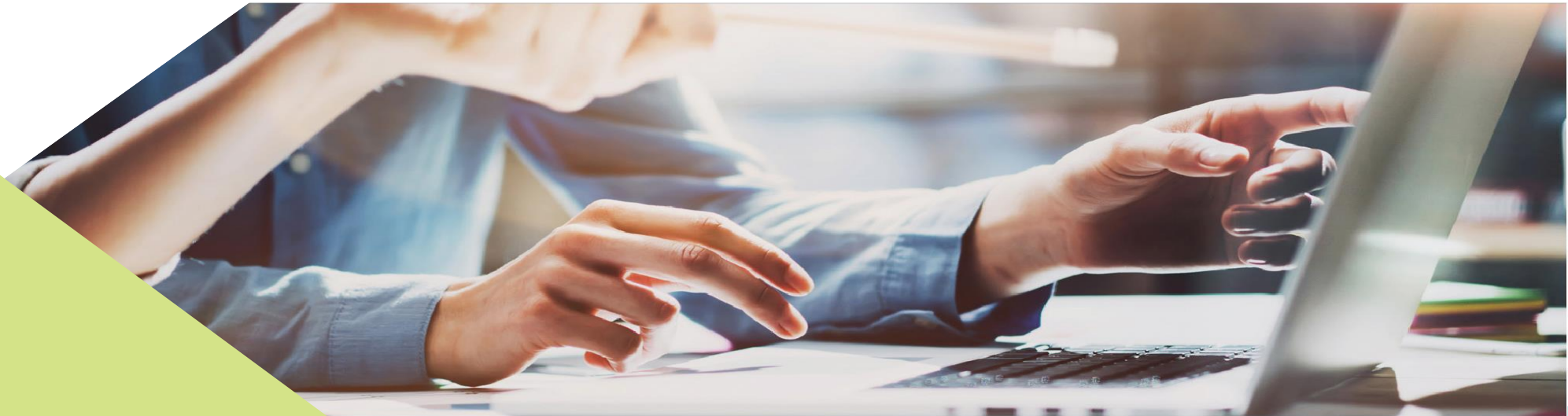
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Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT)

Michelle Guiney & Terry Lowen – Anti-Money Laundering Division (AML/D)

Topics to cover

- ❑ Role of the Central Bank
- ❑ Key 2018 changes
- ❑ The Guidelines
- ❑ Supervisory strategy
- ❑ Reminder of findings
- ❑ 5AMLD
- ❑ Key Messages



Role of the Central Bank

- ❑ Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended (“CJA 2010”)
- ❑ Central Bank as the State’s competent authority must
 - ❖ effectively monitor
 - ❖ take measures that are reasonably necessary for the purpose of securing compliance



Key 2018 Changes

2018 – an amendment Act, which transposed the 4th Money Laundering Directive into Irish law, resulted in a number of significant changes and refinements to the CJA 2010

- ❑ Risk assessment
- ❑ CDD updates
- ❑ Simplified CDD
- ❑ Monitoring
- ❑ Policies and Procedures
- ❑ PEPs



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The Guidelines

- ❑ The Central Bank launched Anti-Money Laundering and Countering the Financing of Terrorism ('AML/CFT') Guidelines for the Financial Sector ('the Guidelines').
- ❑ The Guidelines incorporate the Central Bank's expectations regarding compliance by firms with their AML/CFT obligations and those expectations previously communicated to firms in Central Bank AML/CFT Sector Reports, AML/CFT Bulletins, and also by the European Supervisory Authorities Risk Factor Guidelines.
- ❑ The Guidelines do not prescribe or limit the type of documentation that a firm can rely upon in identifying and verifying customers for AML/CFT compliance purposes.
- ❑ <https://www.centralbank.ie/regulation/anti-money-laundering-and-countering-the-financing-of-terrorism/guidance-on-risk>



AML/ CFT Supervisory Strategy

- ❑ AMLD have a number of engagement methods for supervising firms. These include:
 - ❑ Onsite inspections
 - ❑ AML review meetings
 - ❑ Desktop reviews
 - ❑ REQ reviews
 - ❑ Outreach to industry



AML/ CFT Onsite Inspection Process

- ❑ Request for Information
- ❑ Desktop Review
- ❑ On-site Inspection
- ❑ Issue Preliminary Observations + Final Findings
- ❑ Ongoing communication until issues are closed



Reminder of findings

- Governance
- Risk Assessment
- Policies and procedures
- Training





5 AMLD

- A new registration requirement for providers engaged in exchange services, between virtual currencies and fiat currencies and custodian wallet providers, and a requirement that individuals holding a management function in such entities, or are beneficial owners of such entities, be fit and proper
- 5AMLD also introduces a key change in respect of beneficial ownership registers. A general right of access by members of the public to beneficial ownership information on corporate entities is introduced. Under 4AMLD, this right was subject to a legitimate interest test;
- 5AMLD also introduces a requirement that Member States establish registers containing information on natural or legal persons controlling bank and payment accounts with IBANS. This information will assist law enforcement who investigate suspected money laundering and terrorist financing; and
- Finally, in relation to electronic identification for CDD purposes, 5AMLD contains explicit recognition for information obtained through certain approved electronic identification schemes.



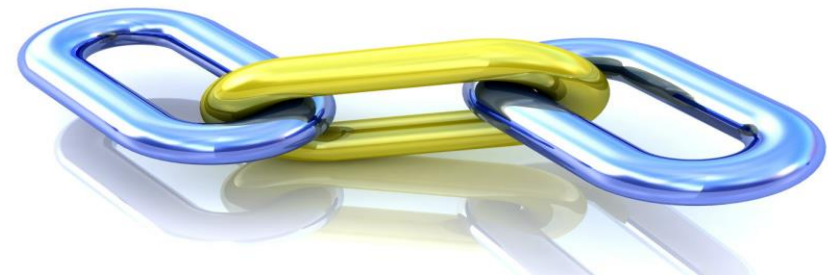
Key Messages

- ❑ Review the guidelines in detail, keep them to hand
- ❑ Consider the impact of the 2018 amendment legislation
- ❑ Consider findings highlighted and assess their applicability to your business
- ❑ Check the Central Bank of Ireland website regularly for communications relating to AML
- ❑ Keep abreast of further developments in the space of AML



Useful Website Links (Right click to access)

- ❑ **Guidelines** - <https://www.centralbank.ie/regulation/anti-money-laundering-and-countering-the-financing-of-terrorism/guidance-on-risk>
- ❑ **Central Bank of Ireland – AML page** - <https://www.centralbank.ie/regulation/anti-money-laundering-and-countering-the-financing-of-terrorism>
- ❑ **Pages covering AML/CFT/FS publications and industry legislative updates.**
[Central Bank of Ireland AML/CFT/FS Correspondence to Industry](#)
- ❑ **European Supervisory Authorities (ESAs) Joint Guidelines – The Risk Factor Guidelines**
[The Risk Factor Guidelines](#)





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Protected Disclosures

Carmel O'Brien & David O'Brien – Protected Disclosures Unit

Protected Disclosures

A disclosure of information to the Bank which a person believes on reasonable grounds shows a breach or a potential breach of financial services legislation

CONFIDENTIAL

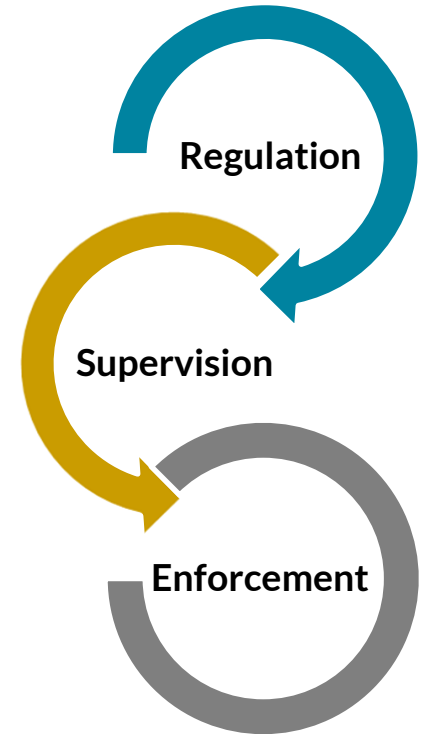


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Protected Disclosures

- Protected Disclosure reports are an important supervisory tool to assist the Central Bank in discharging its supervision and enforcement mandate. The reports provide information that might otherwise not be available to us.
- Central Bank has an obligation to protect the identity of a person making a protected disclosure.
- Protected Disclosures Desk is the designated function to receive reports



Protected Disclosures: What to Report

■ What to Report:

- Breaches of Financial Services Legislation

■ What information to provide:

- How
- What
- Where
- Supporting evidence

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Numbers of Reports and Actions Taken to Date

Period	Number of Reports
1 July 2018 to 30 June 2019	150
1 July 2017 to 30 June 2018	113
1 July 2016 to 30 June 2017	79

Protected disclosures have triggered a number of supervisory and enforcement actions including:

- On-site inspections
- Risk Mitigation Plans Issued
- Enforcement action
- *Every Report is thoroughly assessed.....*



The Protected Disclosures Desk

The Protected Disclosures Desk is available at:

- **Email:** confidential@centralbank.ie / protecteddisclosures@centralbank.ie
- **Phone:** 1890 130 014 / 1890 130 015
- **Post:** Protected Disclosures Desk, Central Bank of Ireland, PO Box 11517, Spencer Dock, Dublin 1, D01 W920

More Information:

- [www. www.centralbank.ie/regulation/protected-disclosures-whistleblowing](http://www.centralbank.ie/regulation/protected-disclosures-whistleblowing)
- or search 'protected disclosures' on the Central Bank website – www.centralbank.ie



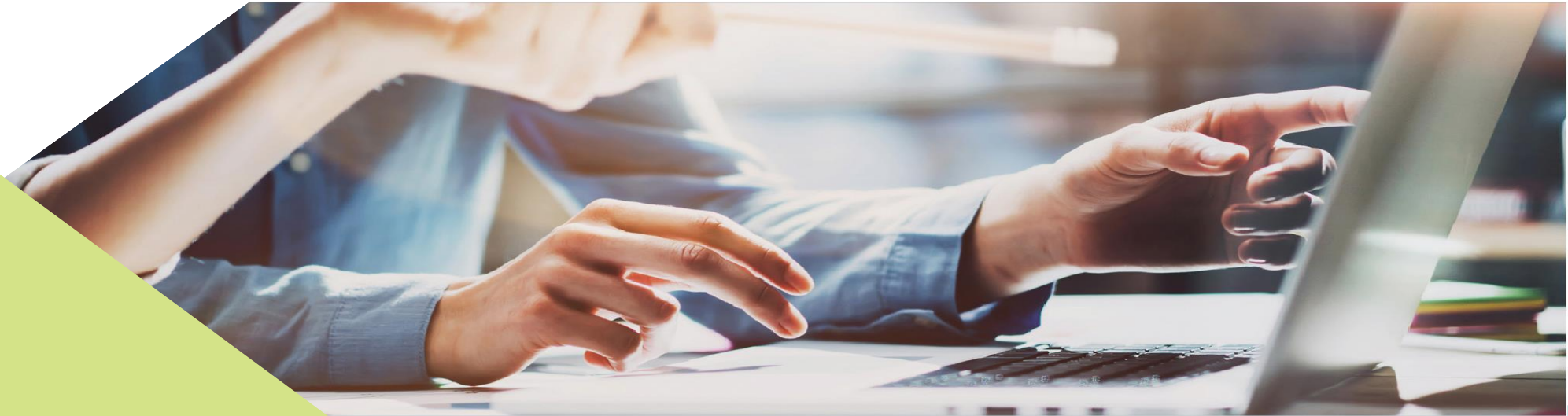
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Enforcement

Joanne Doherty & Diarmuid Coen, Senior Lawyers – Enforcement Investigations Division

Seana Cunningham, Director of Enforcement:

The purpose of our enforcement actions is to deter misconduct and to promote compliance, and we use our public statements in relation to enforcement actions to outline not only the breaches of legal requirements identified by our investigations, but also the Central Bank's expectations of all financial services firms.



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Overview of Enforcement Actions to date

- 133 settlements since 2006 under its Administrative Sanctions Procedure;
- Total fines imposed by the Central Bank to close to €100 million;
- 7 settlements in 2019 to date;
- Total fines imposed just over €30m



Recent experience on enforcement cases – Key messages for all regulated entities

- Put things right, promptly and fairly, when something goes wrong;
- Engage with the Central Bank in an open, constructive and meaningful manner, especially in relation to responses to statutory requests;
- Accuracy in submissions to the Central Bank, in particular when dealing with an enforcement investigation;
- Clear and timely information, and warnings, about a customer's investment or insurance product and the consequences of their decisions regarding those products.



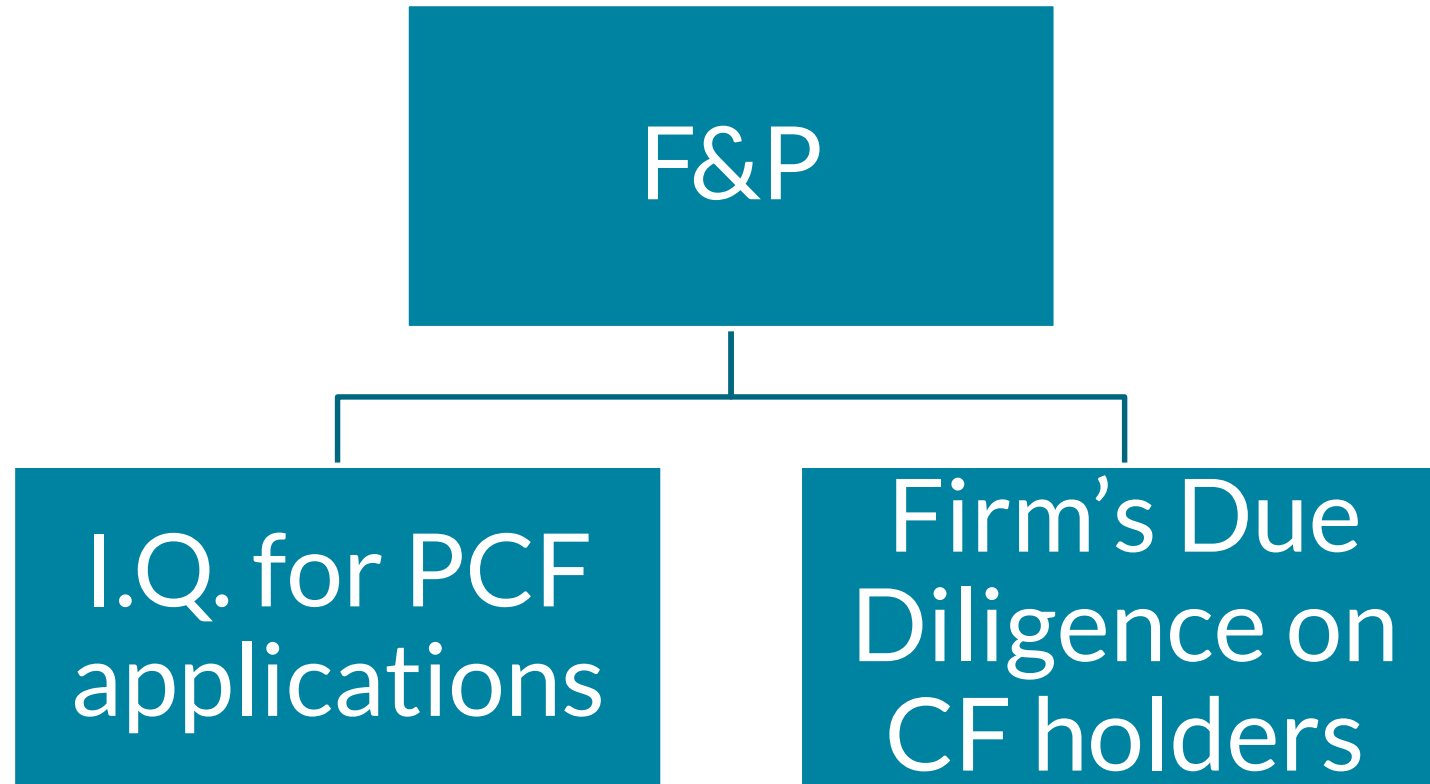
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Central Bank Supervision and Enforcement tools: What can you expect when there is a suspected breach?

- Central Bank has a range of tools and powers available to ensure that a firm operates in accordance with its regulatory obligations:
 - Risk Mitigation Plans;
 - Skilled Person Reports;
 - Directions – Central Bank has discretion to publish directions, and failure to comply with a direction is enforceable in the High Court;
 - Auditor reports;
 - Compulsory requests for information – also enforceable in the High Court;
 - Enforcement Action: ASP and/or fitness & probity investigation.





Fitness and Probity Regime

- Introduced in 2010
- To ensure Individuals performing controlled functions meet the highest standard of
 - Competence
 - Integrity
 - Honesty
- Dear CEO letter – 8 April 2019

[https://centralbank.ie/news/article/firms-have-the-first-line-of-responsibility-to-ensure-that-people-are-fit-and-proper\]](https://centralbank.ie/news/article/firms-have-the-first-line-of-responsibility-to-ensure-that-people-are-fit-and-proper)



Firm's Due Diligence

- Firms are the first line of responsibility – Firms must know the regulatory requirements and environment – it is not enough to just know your business.
- Firms have on-going obligations and cannot let persons act as PCFs without prior approval
- Firm must be 'Satisfied on Reasonable Grounds'
- Enforcement action – potential ASP and/or s.25



Individual Questionnaire (IQ)

- Omitting material / Absolute candour
- Individual's and Firm's responsibility

INDIVIDUAL QUESTIONNAIRE (IQ) 2018

Section 1: Preliminary Questions

1.1	Will you be providing advice to consumers on retail financial products and/or arranging, or offering to arrange retail financial products for consumers including any amendments to insurance cover and the restructuring or rescheduling of loans and/or carrying out a specified function (as set out in the Minimum Competency Code)? (If Yes, to a, b or d below, Section 4. Minimum Competency Code is mandatory) If you answered Yes to this question please choose one of the following options (If applying as a Sole Trader, you will be required to submit evidence in support of your response to the above. See Section 10 of the IQ/Guidance Document)	Yes/No (a) New Entrant (b) Grandfathering arrangements (c) recognised qualification (d) transitional arrangements (Credit Servicing Firms only)
1.2	Are you currently approved by the Central Bank of Ireland or any of its predecessors? (If Yes, Section 6. Applicant Current and Previous Financial Services Regulatory Approvals is mandatory)	Yes/No
1.3	If yes, are you seeking approval for a Pre-Approval Controlled Function (PCF) based on a similar role that you currently perform? If you answered Yes to this question please choose one of the following options	Yes/No Same Role/Same Sector Same Role/Different Sector
1.4	Are you currently approved by another Financial Services Regulator within the EU/EEA? (If Yes, Section 6.4. Applicant Current and Previous Financial Services Regulatory Approvals is mandatory)	Yes/No
1.5	If yes to 1.4, are you seeking approval for a PCF based on a similar role that you currently perform? If you answered Yes to this question please choose one of the following options	Yes/No Same Role/Same Sector Same Role/Different Sector
1.6	Do you have or will you have any Shareholdings in the Proposing Entity or its Group Companies? (If Yes, Section 7. Applicant Shareholdings in Proposing Entity or Group Companies is mandatory)	Yes/No
1.7	Do you have any current or previous (within the last 10 years) business interests/shareholdings (where holdings are greater than 10%) in financial entities or other organisations, including the non-financial sector, charitable and/or not-for-profit organisations? (If Yes, Section 8. Applicant Shareholdings/Business Interests in Financial Entities and Other Firms is mandatory)	Yes/No
1.8	Do you have any Directorships, Chairmanships, Senior Management positions and/or Service Provider roles in financial or other organisations, including the non-financial sector, charitable and/or not-for-profit organisations? (All applicants) And / Or Have you ever been assessed by an authority from a non-financial sector? (Payment Institution or Electronic Money Institution applicants only)	Yes/No
1.9	Are you a sole trader applying for authorisation to trade under your own name, or as a registered business name? (If Yes, Section 13. Sole Trader/Single Director Declaration is mandatory)	Yes/No
1.10	Are you applying to be a single director in a Private Company Limited by Shares? (If Yes, Section 13. Sole Trader/Single Director Declaration is mandatory)	Yes/No
1.11	Are you applying for a position in an entity which is currently seeking approval/authorisation from the Central Bank of Ireland, or an entity which is seeking a renewal of an existing approval/authorisation?	Yes/No

Version 6

PLEASE NOTE THIS DOCUMENT IS FOR ILLUSTRATION PURPOSES AND SHOULD NOT BE SUBMITTED TO THE CENTRAL BANK OF IRELAND. ALL IQs MUST BE SUBMITTED ONLINE

Page 3 of 25



Prohibition Notices

- Prohibition notices can be issued to CF holders. A prohibition notice can apply to one or more CF positions, parts of CF positions, all CF positions and for a specified or indefinite period of time
- This year to date - 3 enforcement outcomes
- Publication of Prohibition notices



Publications

Prohibition notices can be
Published here on the Central
Bank's Website.

This year to date – 2 (Paul
Tarpey / Michael Kearns)

The screenshot shows the Central Bank of Ireland website. The browser address bar displays <https://www.centralbank.ie/news-media/legal-notice/prohibition-notice>. The page header includes the Central Bank of Ireland logo and navigation links: HOME, ABOUT, NEWS & MEDIA, EVENTS, CAREERS, CONTACT, GAEILGE. A search bar is also present. The main navigation menu includes Financial System, Monetary Policy, Regulation, Publications, Statistics, and Consumer Hub. The breadcrumb trail reads: HOME > NEWS & MEDIA > LEGAL NOTICES > PROHIBITION NOTICES. The page title is "Prohibition Notices". The "About Prohibition Notices" section explains that the Central Bank may issue a Prohibition Notice prohibiting an individual from performing a controlled function for a specified period or indefinitely, if the individual is not of appropriate fitness and probity. It also states that the Central Bank has a statutory discretion to publish a Prohibition Notice where it is deemed necessary for the purposes of the Central Bank Reform Act 2010. The "Current Prohibition Notices" section highlights a notice issued on 8 February 2019 to Mr Paul Tarpey under the Fitness and Probity Regime. The text describes the notice, which prohibits Mr Tarpey from carrying out any controlled functions, including pre-approval controlled functions, in any regulated financial service provider for an indefinite period. The notice arises from a Central Bank investigation into the misappropriation of client funds by Mr Tarpey during his time at Costello & Tarpey Financial Services. Seana Cunningham, Director of Enforcement and Anti-Money Laundering, is quoted as saying: "Mr Tarpey has been prohibited indefinitely, which is the most serious outcome under the fitness and probity regime. The Central Bank has a duty to uphold standards in respect of those working in the industry for the benefit and protection of users of financial services. The misconduct detailed in the Statement of Undisputed Facts clearly demonstrates Mr Tarpey's failure to act honestly, ethically and with integrity. This case should serve as a reminder that the Central Bank will prohibit people who act dishonestly. This outcome is also notable, as it is the first time that we have exercised our discretion to publish full reasons for a prohibition." An "Additional information" section is also visible at the bottom of the page.



Revocations

Involuntary revocation of a firm's authorisation is amongst the most serious actions that the Central Bank can take in the context of its toolkit of supervisory and enforcement powers.

Compulsory revocation is pursued only where other interventions have not achieved compliance and it results in the compulsory discontinuation of a firm's business.

3 involuntary revocations in year to date

In line with the Central Bank's ongoing commitment to openness and transparency in its enforcement outcomes, notices of revocation of authorisations against these firms will now also be published on the Central Bank's website. Previous practices was to only publish in national and regional media



Key Points

1. Firms - First Line of responsibility
2. Ongoing obligations
3. IQ accuracy



Thank you!



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Cybersecurity

Edel O'Brien – Information Security Division

Information Security

- Understanding the threat landscape – to you and from you
- Top threats:
 - Phishing
 - Passwords
- Developing and maintaining a security awareness culture

Information Security

The Cyberweapons Dealer

A more seasoned criminal who sells automated pieces of software that act like weapons, mostly to nation states or organised crime rings, but really to anyone who can afford them.

WHAT MOTIVATES THEM. Money. A lot of it.

TOOLS OF CHOICE. The dealer arms attackers with a foundational piece of software that acts like a worm virus, which they then use to build their weapons without advanced coding skills. Because it's so much easier to customise a pre-existing tool than to start from scratch, these tools are worth a lot of money to attackers. And a well-crafted piece of software can be used by any one of the other six cybercriminal types.

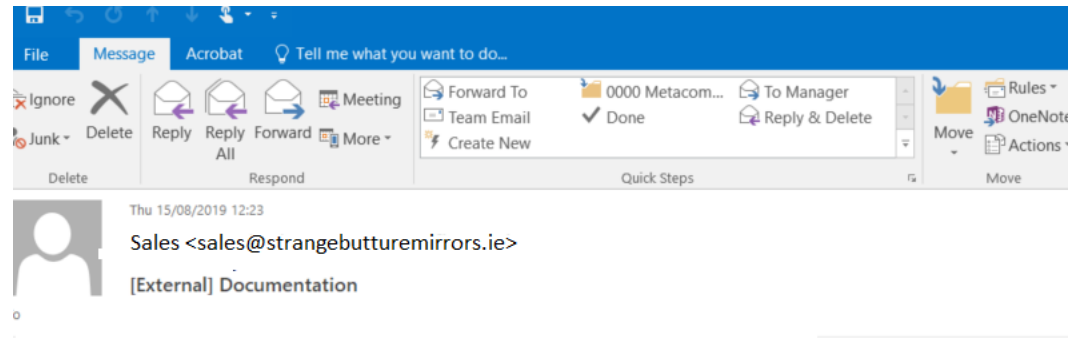
Cyberweapons Dealer



Tips to Spot a Phishing email

- **Email Address:** Always check the sender address, not simply their name.
- **Links:** Always hover your mouse over the link. This shows the real destination of the site you will visit if you click on the link.

Email Example 1



Please see attached contract Documentations for your attention

Documentations can also be viewed [Online](#).

The above document is uploaded via OneDrive - [2019-2020uniquefitoutroject.docx](#)

If you have any queries please do not hesitate to contact us..

Kind Regards,

Strange But True Mirrors,
Main St,
Main Town,
County Main.

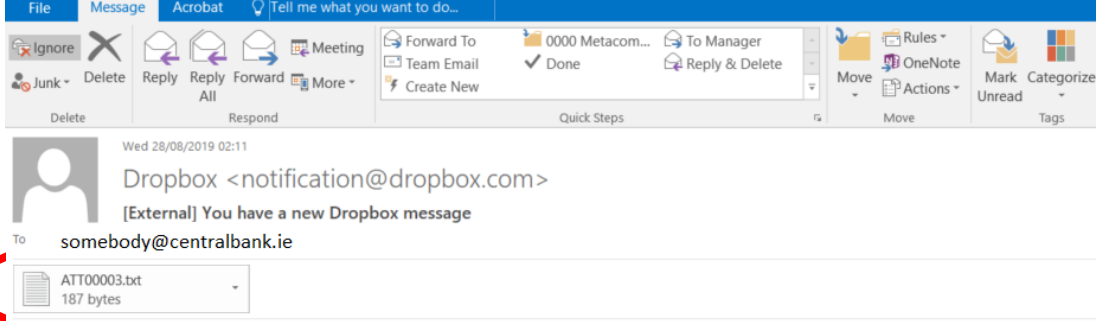
Tel: (999) 12345678

Website: www.stranegbuttruemirrors.ie

Tips to Spot a Phishing email

- **Attachments:** If the attachment is unexpected, then do not open it.
- **Friend or business acquaintance:** Anyone's devices can be infected or email account compromised.

Email Example 2




The screenshot shows an email client interface with a blue header bar containing menu items: File, Message, Acrobat, and a search bar. Below the header is a ribbon with various action buttons like Ignore, Delete, Reply, Forward, Meeting, etc. The email content area shows a sender profile for 'Dropbox <notification@dropbox.com>' with a subject line '[External] You have a new Dropbox message'. The recipient is 'somebody@centralbank.ie'. An attachment named 'ATT00003.txt' (187 bytes) is listed. A red curved arrow points to the attachment. Below the attachment is the Dropbox logo.

Wed 28/08/2019 02:11

Dropbox <notification@dropbox.com>
[External] You have a new Dropbox message

To: somebody@centralbank.ie

ATT00003.txt
187 bytes



Hello,

A user has sent you (3) important Files/Documents using Dropbox.

[Download Message to view Files/Documents](#)

[Download Message](#)

[View Message Online](#)


Happy Dropbox Message Viewing!

-The Dropbox Team
©2019 Dropbox Notifications

Tips to Spot a Phishing email

- **Salutation:** A generic salutation should send warning signs that things may not be what they seem. It could be SPAM...or it could be a Phish.
- **Urgent tone:** Resist any temptation for an instant response.
- **Spelling and Grammar:** Business emails are properly written and formatted.

Email Example 3

 Wed 04/09/2019 09:53
John Anonymous <john.anonymous@anonymous.ie>
John Anonymous Shared "Private Financial Data" with you
To: somebody@centralbank.ie



Please see the attached for your review.

[Click Here](#) to view

Let me know if you've any questions.

John Anonymous,
CEO

Anonymous Finance,
2 Fake Street,
Fake Town,
County Fake.

Tel: - 325(1) 123456789

Anonymous Finance is regulated by the Central Bank of Ireland

Passwords

- Unique for each account – Certainly work accounts
- Easy to remember – Hard to guess
- Use a password manager
- Two Factor authentication 2FA
 - Something you have
 - Something you know
 - Something you are

Information Security Culture

- Staff training – continual
 - eLearning
 - newsletters/infographics
 - tip of the day/week/month
 - phish samples
 - make security part of the culture

Useful Links

- <https://www.ncsc.gov.ie/>
- https://www.ncsc.gov.ie/pdfs/Cybersecurity_12_steps.pdf
- <https://centralbank.ie/docs/default-source/Regulation/how-we-regulate/policy/cross-industry-guidance-information-technology-cybersecurity-risks.pdf?sfvrsn=2%20>
- https://ncsc-content.s3.eu-west-1.amazonaws.com/cyber_security_small_business_guide_1.3..pdf
- https://www.pcisecuritystandards.org/documents/PCI_DSS_V1.0_Best_Practices_for_Implementing_Security_Awareness_Program.pdf



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Industry Funding Levy

Brendan Sheridan – Head of Funding Policy

Agenda

1. Funding Strategy
 - Trajectory for recovery rates
 - Timing of levy issue



2. Implications of changes for Retail Intermediaries

3. Guidance – calculating your 2019 levy



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1. Funding Strategy

Objective

1. Move towards full industry funding in medium term
2. Move to levy on an 'arrears' basis
 - Actual costs – less volatility
 - Invoice earlier
3. Evolve methodologies where appropriate
 - Predictable, transparent, proportionate
 - Operational goals too (simplify and de-risk)

Current Status

- Recovery rates approved by Minister
- Brokers move from 65% to 70% in next levy cycle
- 2019 levies will be based on 2019 actual costs
- 2019 levies will issue in Q3 2020
- Broker methodology moved away from PRISM pricing bands to fees and commissions in 2017
- We engage with representative bodies in considering minimum levy, threshold and variable rate



2. 2019 levy

- 2019 levies will be based on 2019 actual costs and a recovery rate of 70%
- 100% recovery rate will apply to AIB, BoI, PTSB. 90% recovery rate will apply to all other banks, all insurers and all investment firms in 2019
- Strategy is consistent with CP95 'Funding the cost of financial regulation', a joint Department of Finance and Central Bank 2015 public consultation
- 2019 levy will not issue under Q3 2020 (no invoices in 2019 as we move to an arrears basis). Regulated entities are reminded to accrue for the 2019 levy in their 2019 financial statements
- In determining 2019 levy rates, we will take account of views from Brokers Ireland on the minimum levy rate, the threshold and the variable rate

Closing the gap for Retail Intermediaries is being phased gradually to move to 100% as follows:

Levy Year	Payable in	Recovery Rate
2019	2020	70%
2020	2021	75%
2021	2022	80%
2022	2023	90%
2023	2024	100%

Need to accrue 2019 levy

While invoices for 2019 will not issue until 2020, please make an appropriate accrual in your 2019 accounts



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3. Guidance - On-line Regulatory Returns

■ You can...

1. Check your details by logging on to Online Reporting System and viewing your latest annual return
 - Income from Commissions: Line 17 of Section 2: Financial Information of ONR
 - Income from Fees: Line 18 of Section 2: Financial Information of ONR
2. Use the calculator on our website* to check your 2019 levy

■ **Commissions should be declared gross (i.e. before deduction of commission payable)**

■ Further information in the 2019 Guide to the Industry Funding Levy* or by emailing funding@centralbank.ie

16	Gross Income/ Turnover	Value entered cannot be zero
17	Commission Income	
18	Fee Income	

When rates are established, you will be able to use the ONR and the calculator* on the Bank's website to validate your 2019 levy

* Will be uploaded to our website following approval of the Statutory Instrument by the Minister for Finance in 2020



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Thank you for attending!



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