



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2015 Regulatory Framework Developments

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Agenda

- Key Dates planned for 2015
- Developing a Provisioning Framework
- 2015 Fitness and Probity Requirements



Key Dates planned for 2015

Date	
End January 2015	Credit Union News – Issue 2
27 February 2015	Consultation on CP88 closes
End June 2015	Publish feedback statement on CP88 and final regulations*
End July 2015	Credit Union News – Issue 3
1 August 2015	All credit unions subject to the Fitness and Probity regime (including credit unions with total assets < €10m) Fitness and Probity for credit unions authorised as retail intermediaries
TBC	Provisioning Framework
31 December 2015	Remaining sections of 2012 Act and final regulations commence*

* Dates as proposed in CP88



Developing a Provisioning Framework



Developing a Provisioning Framework

- Key objectives:
 - consistency and clarity
 - recognition of loan losses as early as possible within the context of accounting standards
 - adoption of a sufficiently conservative and comparable approach to the measurement and making of impairment provisions on loans
 - disclosures to support members' understanding of the performance of loans and credit risk management practices
- Based on feedback on CP76 – will develop a provisioning framework as separate stream of work



Developing a Provisioning Framework

- **Factors to consider include:**
- **FRS102**
 - adoption of FRS102 is mandatory for credit unions for year-ends beginning on or after 1 January 2015
 - implications for provisioning
- **Section 35 Regulatory Requirements for Credit Unions**
 - the requirements on provisioning for rescheduled loans to be reviewed as part of work on provisioning framework



Developing a Provisioning Framework

➤ Staged approach to consultation

- preliminary **informal consultation** – which will feed in to development of proposals – will include
 - credit union representatives
 - accountancy bodies

- **Formal consultation**
 - issue a consultation paper



Fitness and Probity



Credit unions with assets < €10m

- From 1 August 2015 Fitness and Probity will apply to credit unions with assets < €10m
- Transitional arrangements will apply

1 August 2015

Regulations come into effect for credit unions with assets < €10m

Standards apply to all persons performing PCF roles in credit unions

1 November 2015

Standards apply to all newly appointed CF roles in credit unions

(includes new offers of employment and internal transfers/promotions)

1 August 2016

Standards apply to all CF roles and credit unions required to have conducted due diligence on all CF roles



Credit unions with assets < €10m

PCFs in situ at 1 August 2015

- In situ PCFs **will not require the approval** of the Central Bank to continue to perform that PCF **for the remainder of the term of their appointment**
- If an in situ PCF is **subject to re-election/re-appointment** then they **will be required to receive approval** from the Central Bank prior to re-election/re-appointment
- **By 1 December 2015** - In Situ PCF return required to be submitted to Central Bank



Fitness and Probity - Update on CP83

- CP83 – Consultation on a Fitness and Probity regime for credit unions also authorised as retail intermediaries
- Proposed revised approach on PCFs
 - 2 PCFS from Fitness and Probity regime for credit unions instead of
 - at least 14 PCFs from general Fitness and Probity regime
- 16 submissions received
- Submissions generally welcomed and supported revised approach proposed in CP83
- Propose to publish Feedback Statement on CP83 before end 2014