



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# **CP88 Consultation on Regulations**

*Anna Marie Finnegan*

*Registry of Credit Unions - December 2014*



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- Commencement of 2012 Act
- Effect of commencement of remaining sections of 2012 Act
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## Background

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- Consulted on the introduction of a tiered regulatory approach for credit unions (CP76)
- Feedback Statement on CP76 indicated that
  - arising from feedback - not proposing to introduce a tiered regulatory approach for credit unions at this time
  - Central Bank would consult on regulations for all credit unions on commencement of remaining sections of the 2012 Act



## **Background – commencement of 2012 Act**

- Majority of provisions of the 2012 Act have been commenced – updated 1997 Act
- A small number of sections of the 2012 Act have not yet been commenced
- When commenced will update sections of the 1997 Act relating to:
  - Savings
  - Borrowing
  - Lending
  - Investments
  - Reserves
  - Liquidity



## **Background - effects of commencement**

- Commencement of remaining sections of the 2012 Act will have a number of effects including:
  - introduces some new requirements in certain areas
    - e.g. lending - ability of loan applicant to repay shall be primary consideration in underwriting process
  - removes some existing requirements/limits
  - removes provision for certain activities from legislation
    - certain investments that can be made/additional services that can be provided
  - provides regulation making powers to the Central Bank





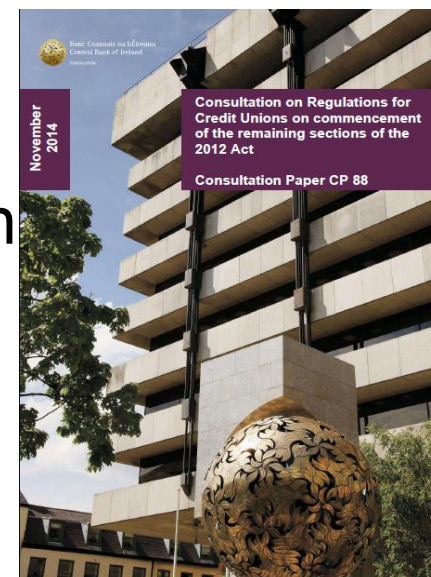
## **Background - effects of commencement**

- Central Bank is proposing to introduce regulations at the same time as these sections are commenced to:
  - ensure that key prudential requirements remain in place
  - continue the introduction of the strengthened regulatory framework
- Discussed the proposed commencement approach with the Department of Finance who have indicated that they are agreeable to this approach



## Consultation on Regulations (CP88)

- 27 November 2014 - Consultation on Regulations for Credit Unions on commencement of the remaining sections of the 2012 Act Consultation Paper (“CP88”) published
- Purpose of CP88 is to consult on regulations that will be introduced when the remaining sections of the 2012 Act are commenced





# Structure of Consultation Paper CP88

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1. Introduction
2. Background
3. Purpose of consultation
4. Comparison of existing regulatory framework and requirements in draft regulations

Sections **5 – 12** set out draft regulations in each prudential area

- 13.** Proposed next steps and timelines
- 14.** Regulatory impact analysis
- 15.** Summary of areas where Central Bank is seeking views
- 16.** Making submissions





## **1. Introduction and 2. Background**

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- Introduction of strengthened regulatory framework
- Consultation on tiered regulatory approach
- Development of draft regulations informed by other factors including:
  - the business model currently being undertaken by credit unions
  - supervisory information and feedback
  - the existing regulatory framework
  - effects of commencement of 2012 Act



## 3. Purpose of consultation

- Consult on regulations that will be introduced in the following areas:

Reserves	Investments
Liquidity	Savings
Lending	Borrowing
Systems, Controls and Reporting Arrangements	
Services Exempt from Additional Services Requirements	

- Seeking views on:
  - draft regulations
  - proposed timelines and transitional arrangements



## 4. Comparison of existing and proposed

- Draft regulations contain:
  - **many requirements that are the same as existing requirements**
  - **some requirements that have been amended**
  - **a number of additional requirements**
- Section 4 summarises comparison of existing requirements and guidance and requirements in draft regulations



## 5. – 12. Draft Regulations

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- Sections 5-12 of the consultation paper set out draft regulations in each prudential area
- Provides overview of draft regulations
- Also includes related legislation and explanatory notes
  - not consulting on requirements in legislation – included for clarity
- Similar structure to Credit Union Handbook
- Credit Union Handbook will be updated following consultation



## 13. Proposed next steps/timelines

Date	
27 November / 10 December 2014	Conduct Information Seminars
27 February 2015	Consultation period closes
June 2015	Publish feedback statement and final regulations
July-December 2015	Transition period before final regulations are commenced
31 December 2015	Commencement of remaining sections of 2012 Act and final regulations
On-going	On-going engagement and consultation with the credit union sector on the development of the regulatory framework





## **13. Proposed next steps/timelines**

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- **Transition period before commencement**
  - final regulations published – *end June 2015*
  - six month transition period – *July – Dec 2015*
  - regulations commence – *end Dec 2015*
  
- **Transitional arrangements after commencement**
  - new or amended limits
  - transitional arrangements for specific areas



## 14. Regulatory Impact Analysis

- Central Bank conducted a RIA on the draft regulations
- Inputs
  - feedback received on CP76
  - quarterly Prudential Return and the Year End Return
  - certain information from a representative sample of credit unions provided on a voluntary basis
- Credit unions may wish to provide additional information or analysis on potential impacts associated with the implementation of these regulations



## 16. Making Submissions

- 3 month consultation period
- Credit unions, their representative bodies and other relevant stakeholders are invited to make submissions
- Send submissions to [rcuconsultation@centralbank.ie](mailto:rcuconsultation@centralbank.ie) on or before Friday 27 February 2015

