



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Authorisation Requirements and Standards for Retail Credit Firms



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1. Introduction

Part V of the Central Bank Act 1997 (the Act) was amended by the Markets in Financial Instruments and Miscellaneous Provisions Act 2007 to establish a regulatory regime for non-deposit taking lenders by the creation of a new category of regulated financial service provider: a Retail Credit Firm. Following the enactment of the legislation on 1 February 2008 the activity of a Retail Credit Firm, as defined in the Act, became a regulated activity in Ireland and a person seeking to carry on the activities of a Retail Credit Firm requires an authorisation from the Central Bank of Ireland (the Central Bank).

Retail Credit Firms are subject to the provisions of Irish financial services law that apply to regulated financial service providers. The Central Bank is the competent authority in Ireland for the purposes of the Act and is responsible for the authorisation and supervision of Retail Credit Firms under Part V of the Act. In this regard, the Central Bank will exercise its statutory “gatekeeper” role to permit or refuse an applicant Retail Credit Firm, through rigorous assessment of applications against applicable regulatory standards, so as to mitigate the risk that firms could pose harm to customers and the wider market once they are authorised.

Part A of this document sets out the Authorisation Requirements and Standards that must be complied with by an applicant seeking authorisation to carry on the activities of a Retail Credit Firm. These Authorisation Requirements and Standards are imposed on all Retail Credit Firms as a condition of authorisation and must be complied with on an on-going basis. The Central Bank may also impose, under Part V of the Act, additional requirements on a Retail Credit Firm. These requirements are in addition to, and without prejudice to, the other requirements imposed under the relevant financial services legislation. Please note that each Retail Credit Firm should refer to the conditions of authorisation, which are annexed to its authorisation, for complete details of the conditions imposed on its authorisation.

Part B of this document lists certain other regulatory requirements which apply to Retail Credit Firms and which Retail Credit Firms should be aware of in relation to the provision of Retail Credit Firm activities. This list is not exhaustive.

It is the responsibility of each individual regulated entity to ensure compliance with all aspects of applicable legislation and other regulatory requirements. Firms are advised to obtain their own independent legal advice if they are unclear in relation to any of their compliance obligations.

Part A: Authorisation Requirements

2 General Authorisation Requirements

- 2.1 The obligation to hold an authorisation as a Retail Credit Firm applies to all persons who carry on Retail Credit Firm activities as defined in Section 28 of Part V of the Act, unless such persons have been granted an exemption from the requirement to hold such an authorisation by the Central Bank, pursuant to Section 29A of the Act.
- 2.2 Applicants are required to demonstrate how they meet each of the Authorisation Requirements and Standards listed below in order to be granted an authorisation.
- 2.3 A Retail Credit Firm is required to demonstrate that the organisation of its business structure is such that it is capable of being supervised by the Central Bank and that adequate and effective control of the Retail Credit Firm rests in the State. Factors to be considered in this regard include:
- (a) where the mind and management of the Retail Credit Firm is located;
 - (b) where key decisions regarding the direction of the Retail Credit Firm business are made;
 - (c) where key functions are undertaken;
 - (d) what reporting lines exist;
 - (e) where key books and records are kept; and
 - (f) how the Retail Credit Firm will engage with borrowers including, in particular, the practical facilities that will be made available to borrowers in arrears to resolve their arrears.

Adequate arrangements in this regard are required in order to ensure the proper and orderly regulation and supervision of persons authorised to carry on Retail Credit Firm activities.

3 Organisation and Management

- 3.1 A Retail Credit Firm is required to demonstrate that it is in a position to conduct its affairs in a manner that ensures that the best interests of its customers are protected.
- 3.2 A Retail Credit Firm is required to have robust governance arrangements in place including:
- (a) a clear organisational structure with well defined, transparent and consistent lines of responsibility and accountability;
 - (b) effective processes to identify, manage, monitor and report the risks it is or might be exposed to including conduct/consumer protection risks;
 - (c) effective internal control mechanisms to mitigate risk;
 - (d) adequate systems and controls to monitor compliance with its internal policies and legislative and other regulatory obligations or requirements; and
 - (e) sound administrative and accounting procedures.
- 3.3 A Retail Credit Firm may be required, in advance of authorisation or thereafter, to procure a review of its operations, systems and controls by a third party of relevant expertise in order to provide the Central Bank with the necessary assurance that the requisite operations, systems and controls are in place and functioning as described.
- 3.4 A Retail Credit Firm is required to have adequate staffing in place and to ensure that relevant members of staff are fit and proper and have appropriate experience and skills, including, in accordance with Part 3 of the Central Bank Reform Act 2010.
- 3.5 A Retail Credit Firm is required to maintain sufficient compliance arrangements to ensure that it complies with all relevant financial services legislation and regulatory requirements to which it is subject and, to that end, it is required to ensure:

- (a) that it has a compliance function with the necessary authority, resources, expertise and access to all relevant information, with regard to all risks relevant to the firm;
- (b) that a Compliance Officer is appointed who is responsible for the compliance function and for all compliance reporting;
- (c) that the duties and responsibilities of those with responsibility for compliance activities are clearly defined and documented (both within the compliance function and within business units, as applicable);
- (d) that the relevant persons with responsibility for compliance are not involved in the performance of services or activities they monitor;
- (e) that the proposed reporting lines/functional relationships between the Compliance Officer and the firms' senior management and board of directors/principals/partners (including the frequency and format of reporting thereof) are clearly defined; and
- (f) that compliance with any requirements of financial services legislation, including, but not limited to, the Consumer Protection Code 2012, the Code of Conduct on Mortgage Arrears 2013 (where applicable), the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending To Small and Medium-Sized Enterprises) Regulations 2015 (where applicable) and the Minimum Competency Code 2011, form a key part of the Retail Credit Firm's compliance monitoring responsibilities.

3.6 A Retail Credit Firm is required to have an internal audit function; (a) to provide for independent internal oversight of the firm's activities and (b) to evaluate and improve the effectiveness of the Retail Credit Firm's risk management, internal controls and governance processes.

3.7 A Retail Credit Firm is required to:

- (a) demonstrate that it has sufficient resources, including financial resources, to conduct its business in the manner provided for in its application for authorisation and in accordance with financial services legislation, including the

capacity to withstand potential shocks such as the loss of a key funding source or the occurrence of a significant business continuity event;

- (b) establish accounting policies and procedures which enable it, at the request of the Central Bank, to deliver in a timely manner to the Central Bank, financial reports which reflect a true and fair view of its financial position and which comply with all applicable accounting standards and rules;
- (c) establish and maintain adequate processes for the timely resolution of errors and complaints;
- (d) be aware of and monitor, on an on-going basis, all risks to its business and maintain adequate technical, organisational and procedural safeguards;
- (e) establish, implement and maintain systems and procedures that are adequate to safeguard the confidentiality, integrity and availability of information;
- (f) establish and maintain effective business continuity and disaster recovery procedures; and
- (g) have constituting documentation sufficiently wide to permit the Retail Credit Firm to conduct its Retail Credit Firm activities.

3.8 A Retail Credit Firm is required to have an appropriate organisational framework in place to enable effective credit risk management, measurement and control, with sufficient (both qualitative and quantitative) human and technical resources to carry out the required tasks. The framework must ensure that:

- (a) there are clear lines of responsibility for taking on, measuring, monitoring, managing and reporting credit risk;
- (b) the credit risk control and monitoring systems are subject to review;
- (c) the risk management, measurement and control functions cover credit risk throughout the Retail Credit Firm; and
- (d) the staff involved in credit-granting activities have appropriate skills and experience.

4 Credit Policy and Monitoring

4.1 Credit Risk Strategy

A Retail Credit Firm is required to have a documented credit risk strategy in place which must be approved by its management body and must take into account the Retail Credit Firm's:

- business model;
- overall risk appetite;
- financial condition and funding capacity;
- credit-granting activities as well as the management of non-performing loans; and
- activities where credit risk can be significant.

A Retail Credit Firm shall ensure that the credit risk strategy is effectively communicated to all relevant staff.

4.2 Credit Policy

A Retail Credit Firm is required to have a documented credit policy in place which must be approved by its management body and must cover the following at a minimum:

- objectives of the policy;
- organisational arrangements setting out the roles and responsibilities of officers and/or employees involved in lending and any committees thereof;
- the lending authorisation limits including clear limits on the total funds available for the granting of loans;
- the classes of loans that the Retail Credit Firm may offer;

- the maximum repayment period appropriate to different classes of loans;
- the interest rate applicable to each class of loan, if applicable;
- circumstances in which atypical loans will be considered and particular approval conditions, including security conditions, attaching to such loans;
- policy regarding curtailment of loans to borrowers in arrears;
- circumstances in which security (including guarantors) for loans must be obtained and the differing type and level of security required depending on the size and/or risk profile of the loan;
- the types of security which may be accepted for loans;
- the application, assessment and decision making process for the approval of loans including the lending criteria to establish capacity to repay for all types of borrowers;
- the factors to be taken into account in the review of the policy including:
 - ❖ the appropriateness of the prevailing interest rates on the various categories of loans depending on current or likely future economic conditions; and
 - ❖ the effect of any interest rate increase on borrowers' ability to meet their repayment obligations;
- procedures to prevent conflicts of interest and ensure segregation of duties between the approval and issuing of loans;
- procedures for retention of loan documentation, including loan application forms/credit agreements, security and ability to repay documentation;
- reporting arrangements, including the frequency, form and content of reporting to the management body; and
- the process for the approval, review and update of the credit policy by the management body.

4.3 **Credit Control Policy**

A Retail Credit Firm is required to have a documented credit control policy in place which must be approved by its management body and must cover the following at a minimum:

- objectives of the policy;
- organisational arrangements setting out the roles and responsibilities of officers and/or employees involved in credit control including any committees thereof;
- procedures for the recording and monitoring of loans;
- processes in relation to arrears management and rescheduling;
- the standard time after which the credit control procedure is to be first activated in respect of loans in arrears;
- description of the various stages of the credit control procedure from first contact with borrowers in arrears to the legal recovery process and/or enforcement of security;
- the criteria and procedure, including approval procedure and authorisation required, for rescheduling of loans;
- the criteria and procedure, including approval procedure and authorisation required, for writing off bad debts;
- procedure for review and follow up of bad debts written off;
- procedures for communication with borrowers in relation to the loan, monitoring arrears and for changing the terms of the loan agreement;
- reporting arrangements, including the frequency, form and content of reporting to the management body; and
- the process for the approval, review and update of the credit control policy by the management body.

4.4 **Provisioning Policy**

A Retail Credit Firm is required to have a documented provisioning policy in place which must be approved by its management body and must cover the following at a minimum:

- objectives of the Retail Credit Firm's provisioning policy;
- organisational arrangements setting out the roles and responsibilities of officers and/or employees involved in measuring and making appropriate loan loss provisions;
- the procedures for loan book reviews to assess the adequacy of provisions;
- the timings of loan book reviews;
- how the Retail Credit Firm will regularly review and, where appropriate, revise key management judgements, assumptions and estimates used in calculating the Retail Credit Firm's provisions;
- the accounting policy used for provisions;
- reporting arrangements, including the frequency, form and content of reporting to the management body; and
- the process for the approval, review and update of the provisioning policy by the management body.

4.5 **Bad Debts Provision**

4.5.1 A Retail Credit Firm is required to demonstrate that its approach to bad debt provisioning includes:

- recognition of loan losses as early as possible within the context of accounting standards; and
- adoption of a sufficiently conservative and comparable approach to the measurement and making of impairment provisions in its loan book.

4.5.2 The Central Bank requires Retail Credit Firms to demonstrate how they will apply a conservative and realistic approach in the measurement of bad debt provisions. Retail Credit Firms must take into consideration the level of risk inherent in the loan book and must also discuss their provisioning policy with their auditors prior to finalisation of the annual accounts.

4.5.3 A Retail Credit Firm must ensure that a review of the loan book, to verify the adequacy of the provision for bad debts, is carried out at least annually and that any resulting adjustments to the provisions are incorporated into the financial accounts approved by the management body.

4.6 **Deviations from Credit Risk Strategy, Credit Policy and Provisioning Policy**

A Retail Credit Firm is required to ensure that any significant deviations from the credit risk strategy, credit policy, credit control policy and provisioning policy should be communicated to its management body in accordance with the reporting arrangements set out in the credit policy.

5 **IT Systems**

5.1 A Retail Credit Firm is required to ensure that it has adequate IT systems in place to conduct its Retail Credit Firm activities.

5.2 A Retail Credit Firm is required:

- (a) to demonstrate how its IT systems are capable of meeting any relevant obligations under financial services legislation, including compliance with any applicable Codes of Conduct;
- (b) to have adequate governance/controls/safeguards in place to mitigate risks associated with its IT systems;
- (c) to establish and maintain effective business continuity and disaster recovery procedures in respect of its IT systems; and

- (d) to ensure that systems and controls in place are appropriate to safeguard the confidentiality, integrity and availability of information.

6 Relationship with the Central Bank

6.1 General

- (a) A Retail Credit Firm shall not in any circumstances provide the Central Bank with:
 - (i) false or misleading statements concerning the operation of the Retail Credit Firm; or
 - (ii) information which it knows or ought to know to be false or misleading.
- (b) Where any change affects the accuracy of information and evidence provided by a Retail Credit Firm in its application for authorisation in accordance with these requirements, a Retail Credit Firm is required, without undue delay, to inform the Central Bank accordingly;
- (c) A Retail Credit Firm is required to be open and cooperative in its dealings with the Central Bank. This requirement includes, but is not limited to, the requirement to notify the Central Bank as soon as it becomes aware of:
 - (i) any breaches of these requirements or of any other legal requirements applicable to the firm that may have occurred;
 - (ii) the commencement of any legal proceedings by or against the Retail Credit Firm which is either related to financial services legislation or which could potentially impact on the firm's ability to trade as an on-going concern; or
 - (iii) any situations which have impacted or have the potential to impact significantly on the operation of the Retail Credit Firm or its compliance or ability to comply with financial services legislation;
- (d) A Retail Credit Firm is required to obtain the prior approval of the Central Bank in respect of any proposed change of company name or business name; and
- (e) In accordance with Section 36 of the Act, if a Retail Credit Firm decides to cease providing Retail Credit Firm activities it is required to notify the Central Bank in writing without delay. If deemed appropriate, the Retail Credit Firm will be required to request, in writing, the revocation of its Retail Credit Firm authorisation from the Central Bank without delay.

6.2 Audited Accounts and On-going Reporting

6.2.1 A Retail Credit Firm is required to make available audited accounts and any applicable auditor's reports to the Central Bank upon request.

6.2.2 A Retail Credit Firm is required to comply with such reporting requirements as the Central Bank may impose from time to time.

7 Ownership

7.1 A Retail Credit Firm is required to notify the Central Bank in respect of any proposed material change of ownership of the Retail Credit Firm i.e. changes in direct and indirect qualifying shareholders.

7.2 The Central Bank considers that a material change in ownership occurs where the change would result in the proportion of voting rights or capital held by a person or more than one person acting in concert reaching or exceeding 10%, 20%, 33% or 50% or resulting in a Retail Credit Firm becoming a subsidiary of the acquirer.

7.3 A Retail Credit Firm is required to notify the Central Bank in respect of any transfer of shares, which would result in the transferee controlling more than 10% of the shares, voting rights attaching to shares or other interests in the Retail Credit Firm.

7.4 Where a shareholding which is registered in the name of a nominee constitutes more than 10% of shares or of the voting rights attaching to shares in a Retail Credit Firm, the ultimate beneficial ownership of shares so held must be notified to the Central Bank.

7.5 A Retail Credit Firm is required to notify the Central Bank where a direct or indirect disposal of shares occurs by a person or more than one person acting in concert which would result in the proportion of voting rights or capital held by the person or persons

falling below 10%, 20%, 33% or 50% or such that a Retail Credit Firm would cease to be a subsidiary of the disposer.

- 7.6 Notification of changes of ownership should be made forthwith upon the Retail Credit Firm becoming aware of a proposed change. Where this is not possible due to circumstances outside the control of the Retail Credit Firm the notification should be made forthwith upon the Retail Credit Firm becoming aware of the change in ownership.

8 Outsourcing

- 8.1 A Retail Credit Firm is required to structure, organise and resource its business to ensure that it is in a position to demonstrate that it can comply with applicable regulatory requirements. This includes, without limitation, ensuring that adequate and effective control of the firm rests in the State, having all records available to the Central Bank in the State and not outsourcing activities to any extent that would impact on its ability to meet all applicable regulatory requirements.
- 8.2 A Retail Credit Firm is required to notify the Central Bank in advance where it proposes to outsource any **important operational function** relating to the provision of Retail Credit Firm activities.
- 8.3 A Retail Credit Firm is required to notify the Central Bank as soon as possible where a material change occurs or is due to occur in an outsourcing arrangement governing an **important operational function** relating to the provision of Retail Credit Firm activities.
- 8.4 Where a Retail Credit Firm proposes to outsource an **important operational function**, it is required to ensure that the:
- (a) outsourcing does not result in the delegation of its responsibility or accountability for the operational function which has been outsourced;

- (b) obligations of the Retail Credit Firm towards its customers under Part V of the Act will continue to be complied with at all times; and
- (c) outsourcing of operational functions will not be undertaken in such a way as to impair the quality of the Retail Credit Firm's internal controls and the ability of the Central Bank to monitor the Retail Credit Firm's compliance with its regulatory obligations.

8.5 A Retail Credit Firm is required to ensure that it has adequate internal controls in place and that it is satisfied regarding the internal controls in place in the service provider such that:

- (a) the Retail Credit Firm must properly supervise the carrying out of the outsourced functions and adequately manage the risks associated with the outsourcing;
- (b) the Retail Credit Firm must take appropriate action if it appears that the service provider may not be carrying out the outsourced functions effectively and in compliance with applicable laws and regulatory requirements;
- (c) the Retail Credit Firm must retain the necessary expertise to supervise the outsourced functions effectively and manage the risks associated with the outsourcing and must supervise those functions and manage those risks;
- (d) the service provider will disclose to the Retail Credit Firm any development that may have a material impact on its ability to carry out the outsourced functions effectively and in compliance with applicable laws and regulatory requirements;
- (e) the Retail Credit Firm must be able to terminate the arrangement for outsourcing where necessary without detriment to the continuity and quality of its provision of services to its customers;
- (f) the service provider will, when required, cooperate with the Central Bank in connection with the outsourced activities;

- (g) the Retail Credit Firm, its auditors and the Central Bank must have effective access to data related to the outsourced activities, as well as to the business premises of the service provider;
- (h) the service provider will protect any confidential information relating to the Retail Credit Firm or its customers;
- (i) the Retail Credit Firm and the service provider must establish, implement and maintain a contingency plan for disaster recovery and periodic testing of backup facilities, where that is necessary having regard to the function, service or activity that has been outsourced;
- (j) the respective rights and obligations of the Retail Credit Firm and of the service provider shall be clearly allocated and set out in a written agreement;
- (k) a Retail Credit Firm is required to make available on request to the Central Bank all information, including but not limited to books, records and documentation, necessary to enable the Central Bank assess compliance with the firm's obligations under Part V of the Act, any other designated enactment or designated statutory instrument and any conditions of authorisation imposed on the Retail Credit Firm; and
- (l) a Retail Credit Firm is required to notify a customer in writing in advance of any third party contacting the customer on behalf of the Retail Credit Firm to advise that such third party acts on behalf of the Retail Credit Firm and may contact the customer.

9 Other Places of Business

- 9.1 A Retail Credit Firm is required to seek the prior approval of the Central Bank before operating from a place of business other than its head office.
- 9.2 A Retail Credit Firm intending to operate from another place of business is required to notify the Central Bank, at least 14 days in advance, of the nature of the services

the **other place of business** will provide and the name(s) of those responsible for the management of the other place of business.

- 9.3 A Retail Credit Firm is required to notify the Central Bank, at least 14 days in advance, of the proposed closure of another place of business and the reason for such closure.

10 Record Keeping

Pursuant to Section 36F of the Act, the Central Bank requires a Retail Credit Firm to keep appropriate records regarding its Retail Credit Firm activities. Such records include but are not limited to:

- (a) Customer records including e.g. mortgage deeds, copies of loan agreements etc. as applicable
- (b) Communications by the Retail Credit Firm or its agents with its customers;
- (c) All records or evidence required to be retained under financial services legislation;
- (d) Board Minutes;
- (e) Financial Audit Reports;
- (f) Internal Audit Reports;
- (g) Compliance Reports; and
- (h) Complaints handling records.

Appropriate records are required to be kept for at least six years from:

- (i) in the case of (a) to (c) above, the date on which the Retail Credit Firm ceases to provide Retail Credit Firm activities to its customer or the date of the last interaction with its customer, whichever is the later
- (ii) in the case of (d) above, the date of the Board meeting;
- (iii) in the case of (e) to (g) above, the date of the relevant report; and
- (iv) in the case of (h) above, the date of the closing of the complaint.

A Retail Credit Firm is required to keep all records required by these rules and other financial services legislation in the State and pursuant to Section 36F(1)(b) of the Act, the Retail Credit Firm is required to notify the Central Bank in writing of the address of the office or offices where those records are kept.

11 Legislative basis for the Authorisation Requirements

11.1 An Offence to provide Retail Credit Firm activities without an Authorisation

Section 29 of the Act provides that it is a criminal offence to carry on Retail Credit Firm activities unless the person is the holder of an authorisation. Section 36K provides that if a body corporate commits an offence under Part V of the Act, each person who was, at the time the offence is found to have been committed, an officer of the body commits an offence, unless the person establishes that the body committed the offence without the person's knowledge, or although the person did have that knowledge, the person took all reasonably practicable steps to prevent the commission of the offence.

11.2 Legislative Basis for Authorisation Requirements

Section 30 of the Act provides that a person who wishes to carry on Retail Credit Firm activities, as above, can apply to the Central Bank for an authorisation to carry on such a business and the application must be in the form specified by the Central Bank and must contain such information and be accompanied by such documents as the Central Bank requests.

Section 31 prescribes the grounds upon which the Central Bank can refuse an application for authorisation, including, that the applicant has failed to satisfy the Central Bank that the applicant is, or will be able, to properly fulfil the obligations imposed by or under Part V of the Act or any other designated enactment or designated statutory instruments¹.

¹ A designated enactment or designated statutory instrument are those provisions of legislation listed in Schedule 2 of the Central Bank Act 1942 (as amended).

If the Central Bank grants an application for authorisation, it will impose each of the requirements contained in Part A of this document, and such other requirements as it may specify as conditions pursuant to Section 33 and 33A of the Act, on the authorised Retail Credit Firm.

11.3 Legislative Basis for the Imposition of Conditions

Under Section 33A of the Act, the Central Bank may impose whatever conditions or requirements it considers appropriate relating to the proper and orderly regulation and supervision of persons carrying on Retail Credit Firm activities, as above, and the protection of their customers or potential customers. The applicable conditions will be specified in one or more documents annexed to the authorisation granted, in accordance with Section 33(2) of the Act.

11.4 Potential Consequences of Non Compliance

A contravention of any provision of the Act or of any condition or requirement imposed under a provision of the Act or of any provision of a designated enactment or designated statutory instrument is a prescribed contravention for the purposes of Part IIIC of the Central Bank Act 1942 and, accordingly, the authorised Retail Credit Firm and/or persons concerned in its management may be subject to the Administrative Sanctions Procedure of the Central Bank or the revocation of its authorisation in the event of committing such a contravention.

Section 35 of the Act provides that it is a criminal offence for the holder of an authorisation to fail to comply with the requirements imposed on holders of authorisations by Part V of the Act, the conditions of the authorisation and/or the requirements (if any) imposed by regulations in force under Part V of the Act. Section 36K of the Act provides that if a body corporate commits an offence under Part V of the Act, each person who was, at the time the offence is found to have been committed, an officer of the body commits an offence, unless the person establishes that -

- the body committed the offence without the person's knowledge; or

- although the person did have that knowledge, the person took all reasonably practicable steps to prevent the commission of the offence.

Pursuant to Section 36A(1)(d) of the Act, the Central Bank may revoke an authorisation if it is satisfied on reasonable grounds that the holder of the authorisation has contravened or is contravening, or has failed or is failing to comply with a provision of Part V of the Act or any other designated enactment or designated statutory instrument, a condition of the authorisation or a requirement imposed by or under Part V of the Act or any other designated enactment or designated statutory instrument. Section 36A of the Act sets out a comprehensive list of the grounds upon which, the Central Bank, may revoke an authorisation.

11.5 Amendments to Authorisations

Pursuant to Section 34 of the Act, the Central Bank may, from time to time, amend an authorisation granted to a person to carry out, Retail Credit Firm activities, as above –

- (a) by varying any of its conditions;
- (b) by replacing or revoking an existing condition; or
- (c) by adding a new condition

but only after giving to the holder of that authorisation a notice in writing of its intention to do so and an opportunity to be heard by, or to make written representations to, the Central Bank in relation to the proposed amendment.

12 Definitions

12.1 **Important operational function** means an operational function where a defect or failure in its performance would materially impair—

- (a) the continuing compliance of the Retail Credit Firm concerned with the requirements of its authorisation or its other obligations;
- (b) its financial performance; or
- (c) the soundness or continuity of its Retail Credit Firm activities.

12.2 **Other place of business** means a place of business other than the head office which is a part of a Retail Credit Firm, which has no separate legal personality and which carries out directly some or all of the services inherent in the business of a Retail Credit Firm.

Part B: Additional Regulatory Requirements

This Part lists certain other legal and regulatory requirements of which the Retail Credit Firm should be aware of in relation to the provision of its Retail Credit Firm activities.

This list is not exhaustive and it is the responsibility of each individual regulated entity to obtain independent legal advice and to ensure compliance with all aspects of applicable legislation and other regulatory requirements.

It should be noted that breaches of these requirements may amount to prescribed contraventions for the purposes of Part IIIC of the Central Bank Act 1942 and/or to criminal offences under the relevant legislation and accordingly can attract the sanctions provided for in Part IIIC of the Central Bank Act 1942 and/or under the relevant legislation. Furthermore, a contravention of these requirements may be grounds for the revocation of the Retail Credit Firm's authorisation pursuant to Section 36A of the Act.

13 Additional Legal and Regulatory Requirements

13.1 Central Bank Act 1942

An annual levy may be payable by a Retail Credit Firm calculated in accordance with Regulations made pursuant to Section 32D of the Central Bank Act 1942.

13.2 Consumer Credit Act 1995

A Retail Credit Firm must adhere to all applicable provisions of the Consumer Credit Act 1995 when it enters into a credit agreement with a consumer.

13.3 European Communities (Consumer Credit Agreements) Regulations 2010

A Retail Credit Firm must adhere to all applicable provisions of the European Communities (Consumer Credit Agreements) Regulations 2010 when it enters into a credit agreement with a consumer.

13.4 Criminal Justice (Money Laundering and Terrorist Financing) Act 2010

A Retail Credit Firm must adhere to all applicable provisions of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010.

13.5 Minimum Competency Code 2011

A Retail Credit Firm must consider whether individuals employed or acting on its behalf are engaged in any activities which fall within the scope of the Minimum Competency Code 2011 and, if so, it must adhere to all applicable provisions of that Code.

13.6 Consumer Protection Code 2012

A Retail Credit Firm must adhere to all applicable provisions of the Consumer Protection Code 2012.

13.7 Code of Conduct on Mortgage Arrears 2013

A Retail Credit Firm must adhere to all applicable provisions of the Code of Conduct on Mortgage Arrears 2013.

13.8 Fitness & Probity Standards 2014

Persons exercising controlled functions (including pre-approval controlled functions) in Retail Credit Firms should note the provisions of Part 3 of the Central Bank Reform Act 2010 and the Regulations and Standards issued under that Part. Before a Retail Credit Firm can appoint a person to a pre-approval controlled function, the Central Bank must have approved the appointment in writing. Retail Credit Firms are also responsible for ensuring that staff performing controlled functions (including performing pre-approval controlled functions) meet the Fitness and Probity Standards both on appointment to such functions and on an on-going basis. Firms are required to make an annual pre-approval controlled function confirmation to the Central Bank.

13.9 Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015

A Retail Credit Firm must adhere to all applicable provisions of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015 when it enters into a housing loan agreement with a consumer.

13.10 Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015

A Retail Credit Firm must adhere to all applicable provisions of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015.

13.11 Authorisation Requirements and Standards for Credit Servicing Firms 2015

If a Retail Credit Firm carries out Credit Servicing Firm activities (within the meaning of Section 28 of the Act), the Retail Credit Firm will be subject to the Authorisation Requirements and Standards for Credit Servicing Firms 2015 (the CSF Standards) in respect of its Credit Servicing Firm activities. The CSF Standards will be imposed as a condition on the Retail Credit Firm's authorisation pursuant to Section 33 and 33A of the Act. A Retail Credit Firm must adhere to all applicable provisions of the CSF Standards on an on-going basis where relevant.

13.12 European Union (Consumer Mortgage Credit Agreements) Regulations 2016

A Retail Credit Firm must adhere to all applicable provisions of the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 when it enters into a credit agreement with a consumer.

13.13 Obligations of the auditor of a regulated financial service provider to provide a report to the Central Bank in certain circumstances

A Retail Credit Firm should note that Part IV of the Act imposes obligations on the auditor of a Retail Credit Firm.

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