



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

T +353 (0)1 224 6000

Bosca PO 559  
Baile Átha Cliath 1

PO Box 559  
Dublin 1

[www.centralbank.ie](http://www.centralbank.ie)

31 March 2021

Pearse Doherty TD  
Dáil Éireann  
Leinster House  
Kildare Street  
Dublin 2

**Re: Enforcement outcome in relation J&E Davy (Davy) for breaches of the European Communities (Markets in Financial Instruments) Regulations 2007 (the MiFID Regulations)**

Dear Deputy Doherty,

I refer to your letter dated 5 March 2021 addressed to the Governor. The Governor has asked me to respond to you on his behalf.

As you are aware, the Central Bank reprimanded and fined Davy €4,130,000 in respect of four breaches of the MiFID Regulations that occurred over different intervals between July 2014 and May 2016 (the **Davy Enforcement Outcome**).

The Central Bank published details of the Davy Enforcement Outcome on our website on 2 March 2021 (the **Public Statement**). As outlined in the Public Statement, the Central Bank's investigation found that in permitting a group of employees to pursue a personal investment opportunity, Davy prioritised the potential for those individuals to make a personal financial gain over ensuring that Davy complied with its regulatory obligations. In particular, the Central Bank's investigation found weaknesses in Davy's internal control framework in relation to conflicts of interest management and personal account dealing. Furthermore, Davy's compliance function was not consulted about the transaction and as the details of the transaction were recorded on a system that the compliance function did not monitor, compliance was in effect circumvented. All of this served to create an elevated risk of investor detriment. The serious issues identified in the Central Bank's investigation required the imposition of a significant financial penalty on Davy.

We have sought to put the fullest possible information about the investigation into the public domain through the detailed public statement and the legal pathways available to us, including through extensive engagement with the Joint Committee on Finance, Public Expenditure and Reform and Taoiseach.



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

The two questions outlined in your letter relate to the possibility of future enforcement action by the Central Bank relating to Davy. The position in relation to this remains as outlined by me and my colleague Mr Ed Sibley, Deputy Governor, Prudential Regulation on our appearance before the Joint Committee on Tuesday, 9 March 2021. As confirmed on that occasion, the Central Bank's supervisory engagement with Davy is intrusive, live and ongoing. The Central Bank cannot provide any further comment in relation to current or future investigations.

Yours sincerely,

A handwritten signature in blue ink, reading "Derville Rowland".

Derville Rowland  
Director General, Financial Conduct