Brexit Task Force:

March 2019 Update

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Executive Summary

- This Report was prepared during a period of high political uncertainty regarding the withdrawal of the UK from the EU. At the time of submission, it is still unclear whether the Withdrawal Agreement will be passed, either before 29 March or after an extension period. A disorderly no-deal Brexit remains a possibility.
- Brexit-related uncertainty appears to be weighing on consumer sentiment, and the decline in the KBC-ESRI sentiment index between January and February was the largest fall since 2001.
- In the event that a deal can be agreed, the outlook for the Irish economy remains favourable. Economic growth of 4.4 per cent in 2019 and 3.6 per cent in 2020 is projected. These are modest downward revisions compared with the projections published at end-October 2018. This reflects the less favourable and more uncertain international economic environment.
- In the event of a disorderly no-deal Brexit scenario, significant and immediate adverse effects would be expected. There would be heightened stress in financial markets and a potentially large depreciation of sterling. The deterioration in economic conditions and a more adverse outlook would cause firms to delay or cancel investment plans. Consumer spending would also be negatively affected, reflecting concerns over future job losses and income prospects. Under this scenario, it is estimated that economic growth could be 4 percentage points lower in the first year and a further 2 percentage points lower in the second year.
- Significant progress has been made in mitigating many of the key cliff edge risks relating to a hard Brexit scenario identified by the Central Bank. This includes:
    - Development of a domestic temporary run-off regime for insurers and brokers in order to mitigate the risk to consumers of a potential lack of service continuity for insurance contracts.
    - A decision by the European Commission to grant temporary equivalence to the UK's legal and supervisory arrangements for CSDs for a period of two years; and a decision by European Securities and Markets Authority (ESMA) that Euroclear UK and Ireland Limited will be recognised as a third country CSD to provide its services in the EU.
    - Adoption by the European Commission of an Act to provide 12 months temporary equivalence for UK CCPs offering clearing services into the EU.
    - Agreement of no-deal Brexit memoranda of understandings (MoUs) between the ESMA and EU securities regulators and the Financial Conduct Authority (FCA).

- The Brexit Steering Committee continues to focus on *potential new risks*, for example liquidity risk in funds, trading obligations for shares listed in Euronext Ireland and discontinuation of UK participation in the Single Euro Payments Area (SEPA).
- Supervisors are continuing to engage with firms across all parts of the financial sector with regard to firms' contingency planning. In the banking sector, material immediate risks have been largely mitigated due to (1) bank or public actions, or that (2) their impact is generally manageable considering banks' capital and liquidity positions.
- [Omitted due to confidentiality].
- [Omitted due to confidentiality].
- [Omitted due to confidentiality].
- In terms of organisational risks within the Central Bank, five risk drivers were identified in the assessment by the Organisational Risk Division, namely the (i) volume of authorisations, (ii) increased scope of supervisory requirements, (iii) adequacy of resourcing and the consequent need to re-prioritise existing work demands, (iv) continuity and enforceability of legal contracts, and finally, (v) ensuring GDPR requirements are managed.
- A common feature of these themes relates to the consequences for many parts of the Bank of the influx of new firms to Ireland. Divisions noted both the shorter term and potential downstream implications of re-prioritising work to manage these demands. Looking forward, Divisions anticipate that Brexit will present a major shift in supervisory and conduct requirements.
- **Special Topic One** provides an update on a previous contribution on migration flows to and from the UK after Brexit. The new data show how inflows of EU citizens to the UK continued to decrease in 2018. At the same time, outflows of EU14 citizens have slowed down, but the upward trend in outflows of EU8 citizen's persists. Irish data show an increasing number of UK nationals moving to Ireland.

Overview

Following the Brexit referendum, the Central Bank's Financial Stability Committee (FSC) requested that a Task Force on Brexit implications be established on a permanent basis to monitor and assess developments in this area.[1] The Brexit Task Force (BTF) provides updated information regarding political, economic and financial market developments, risks arising for firms supervised by the Central Bank and issues arising for the Central Bank itself, in particular with respect to authorisations. Furthermore, each report selects a number of issues or policy questions related to Brexit and provides an in-depth examination of these areas.

This eleventh BTF Report follows the eleventh meeting of the Task Force on 25 February. The Report is structured as follows:

Section 1 provides a brief update of political developments; Section 2 provides an update in relation to the economic impact arising from Brexit; Section 3 provides an overview of cliff edge risks […], emerging risks as the Brexit deadline approaches, and communications issues; Section 4 provides an update in relation to contingency planning across sectors; Section 5 considers organisational risk for the Central Bank; Section 6 provides an overview of authorisations activity; Section 7 provides an update on Bank engagement on Brexit issues at a European level, and Section 8 contains a Special Topic on EU migration to and from the UK in the context of Brexit.

[1] The following Divisions and Directorates are represented on the Brexit Task Force: AMSD, AMAI, BSAD, BSSD, CPD, FMD, FRG, FSD, GSD, IEA, IR, SMSD, INSA, MPD, ORD, Risk, SRD, PSSD, RES, and RCU. The report has also benefited from discussions with the Department of Finance. The Chair is the Director of Economics and Statistics, and the Secretariat is provided by MFD (Shane Byrne) and STSD (Andrew Hopkins).

1. Political Developments[2]

Article 50 Process

Following the failure of the House of Commons to ratify the EU-UK Withdrawal Agreement, Prime Minister May wrote to President Tusk seeking a 3 month extension of the Article 50 deadline, until 30 June 2019.

On 21 March, The European Council agreed to an Article 50 deadline extension until 22 May provided that the Withdrawal Agreement is ratified by the House of Commons in the week beginning 25 March. The European Council agreed to an extension until 12 April in the event that the Withdrawal Agreement is not ratified in the week beginning 25 March, and expects the United Kingdom to indicate a way forward before this date for consideration by the European Council.

Domestic Developments

The Government published its Contingency Action Plan on 19 December 2018 and an update on 30 January. The Government has continued to intensify its preparations for a no deal scenario including in relation to Brexit legislation. On 22 February, the Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Bill 2019 was published. It is made up of 15 Parts relating to matters within the remits of 9 Ministers. The Omnibus Bill focuses on measures to protect citizens and supporting the economy, enterprise and jobs, particularly in key economic sectors and included legislative measures in relation to Financial Services for the Settlement Finality Directive and the Insurance run-off regime. The Bill also makes provision for continued access to healthcare, social security protection, student support and protection of consumers.

The Bill completed Final Stage in the Oireachtas on 13 March 2019, and was signed by President Higgins on 17 March, ensuring its provisions will be in place on 29 March should they be necessary.

[2] Our thanks to the DoF for providing the background information on the latest political developments.

2. Economic Background

2.1. Summary of Latest Irish Developments

Since the last Brexit Task Force report, the Central Bank has revised its forecasts for economic growth downwards to reflect the less favourable and more uncertain international economic environment. Conditional on the assumption of a transition period to end-2020, the outlook for growth in the economy remains positive. The primary impetus to growth is expected to come from domestic demand, supported by continued employment and income growth. GDP is projected to grow by 4.4 per cent in 2019 and 3.6 per cent in 2020. These are downward revisions of 0.4 and 0.1 per cent compared with the projections published at end-October 2018.

Impact of a Disorderly No-Deal Brexit

Compared with other Brexit scenarios, significant additional frictions and costs arise in the case of a disorderly Brexit. In the latest Quarterly Bulletin, Box B[3] examines the possible macroeconomic implications of a sudden and disorderly Brexit in March 2019 on the Irish economy.[4]

The Box finds that the abrupt ending of existing cooperation agreements between the EU and the UK in a disorderly Brexit would have material and immediate economic implications. The impact of a 'no-deal' Brexit would permeate all areas of economic activity. There would be heightened stress in financial markets and a potentially large depreciation of sterling. The deterioration in economic conditions and a more adverse outlook would cause firms to delay or cancel investment plans. Consumer spending would also be negatively affected, reflecting concerns over future job losses and income prospects.

At least for an initial period, it is likely that there would be disruption at ports and airports if border infrastructure were unable to cope with the new arrangements. Given the deep supply chain linkages between Ireland and the UK, there would be implications for firms through disruption to their production processes and for households through the price and availability of consumer goods.

[3] Conefrey, O'Reilly and Walsh. G. The Macroeconomic Implications of a Disorderly Brexit. Quarterly Bulletin 1, 2019. Central Bank of Ireland.

[4] The estimates are compiled using the Bank's structural macro-econometric model of Ireland (COSMO).

Exports would fall due to an immediate and large reduction in demand from the UK and the fall in sterling, with some sectors being further affected by any imposition of tariffs and non-tariff barriers. Those sectors which are more reliant on trade with the UK or which are more vulnerable to the imposition of tariff and non-tariff barriers, such as agriculture, food, and smaller scale manufacturing, will be more adversely affected.

The analysis indicates that a disorderly Brexit could reduce the growth rate of the Irish economy by up to four percentage points in the first year. Given the current favourable central forecasts for the Irish economy, this means that there would continue to be some growth in output in 2019 and 2020, even in a disorderly Brexit. However, the pace of growth in both years would be materially lower.

Merchandise Trade

The primary effect of Brexit on trade volumes in 2018 and in the first months of 2019 has come through the exchange rate channel. The weaker sterling makes imports for Irish households and firms cheaper, but represents a competitiveness decline for Irish exporters to the UK relative to domestically produced goods.

Merchandise exports to the UK declined by 1.7 per cent in 2018 compared with 2017 (Chart 2.1.1). The aggregate effect masks significant sectoral heterogeneity. Food and Live Animal exports to the UK decreased by 2.3 per cent in value terms, although they were broadly flat in volume terms. This development reflects the impact of the euro/sterling exchange rate on Irish exporters. Looking at the food sector in more detail, the largest declines in export volumes were seen in Cereals and Cereal Preparations and Meat and Meat Preparations. On the import side, merchandise import volumes from the UK increased by 2.1 per cent in 2018 with strong increases in food related imports and manufactured intermediate inputs.

Regarding services, both imports from and exports to the UK increased. On the export side, this was driven in the main by computer and business services exports. Increased costs of business services, insurance, and financial services, were behind the increases in the value of services imports.

Chart 2.1.1: Import and Export Volume Growth to UK by Product Category (2018)

Sentiment

Another area where the impact of Brexit related uncertainty is likely beginning to be felt is in the consumer sentiment indices. Overall consumer sentiment declined significantly in February 2019, according to the latest KBC-ESRI sentiment index.[5] The majority of individuals surveyed expect conditions in the domestic economy to worsen over the coming year. The consumer expectations index stands at 64.1, having fallen by 17 points between January and February. This represents the largest fall since 2001. Households' views of their own financial situation have also weakened – the index tracking the outlook for the next 12 months is down 17.8 points since January. The largest monthly decline was seen in the unemployment outlook, which deteriorated by 25 index points. It is likely that Brexit related uncertainty is weighing on consumer sentiment, so these declines may be abated should progress be made in the negotiations.

2.2. Bank of England (BoE) monetary policy

The UK monetary policy committee (MPC) voted unanimously on 7 February to leave its official rate unchanged at 0.75 per cent. The BoE February meeting statement observed that UK economic growth slowed in late 2018 and appears to have weakened further in early 2019. The committee warned that Brexit uncertainties could lead to greater-than-usual short-term market volatility in UK data which may provide less of a signal on the medium term outlook. The BoE also cautioned that the monetary

[5] https://www.esri.ie/system/files/publications/CSI2019FEB.pdf

policy response to Brexit, in whatever form it takes, will not be automatic and could be in either direction.

The UK macroeconomic outlook remains subdued. The BoE cut its UK GDP projection for 2019 from 1.7 to 1.2 per cent, on a weakening global outlook and the effect of Brexit uncertainty on investment. UK price pressures remain contained; a fall in energy prices saw UK consumer price inflation fall below the BoE's 2 per cent target for the first time in 2 years.

UK money markets have pushed out the expectation for the next BoE rate hike to Q1 2020 on continued Brexit uncertainty and the weaker global economic outlook. The probability of a UK rate hike by the end of 2019 has dropped from 63 per cent in mid-December to a current level of 40 per cent.

The BoE has already announced the launch of weekly auctions to ensure banks do not exhaust cash reserves in the event of a no-deal Brexit and have activated a special swap line with the ECB. Recent BoE reports have projected that UK banks have £1tn of high quality liquid assets to weather the worst-case scenarios. In conjunction with such weekly auctions, the BoE's Prudential Regulation Authority has tightened bank liquidity requirements to combat potential funding stress in the run up to the 29 March deadline for Brexit.

3. Cliff edge risks […]

The Central Bank's Brexit Steering Committee is responsible, inter alia, for oversight of the implementation of contingency planning and risk mitigation for identified and emerging cliff edge risks associated with Brexit. The Committee has met on a weekly basis since mid-February. A key focus of the Steering Committee is to ensure that a cross-Bank view is taken in relation to identified risks, to ensure recommended actions are being progressed in a timely manner and to address any roadblocks to completion. It is recognised that not all Brexit risks will be fully mitigated and there are a number of risks where external assistance (e.g. from the Department of Finance (DoF), EU authorities) is required.

While the risks are currently viewed as manageable, the Brexit Steering Committee and individual risk owners continue to actively monitor existing cliff edge financial sector risks with a view to ensuring appropriate contingency planning […].

3.1. Cliff edge risks

Significant progress has been made in mitigating many of the key cliff edge risks relating to a hard Brexit scenario identified by the Central Bank. As noted in previous reports, potential cliff edge risks identified by the Central Bank are:

i. Lack of Service Continuity for Insurance contracts
ii. Loss of Market Access- CCPs
iii. Loss of Market Access- CSD
iv. Loss of passporting- particularly in the case of fund management

An update on the progress towards mitigating these risks is set out below:

Lack of Service Continuity for Insurance contracts
The Central Bank has worked closely with the DoF to develop a domestic temporary run-off regime for insurers and brokers in order to mitigate the risk to consumers of a potential lack of service continuity for insurance contracts in the event of a hard Brexit. If enacted, this means that insurers will be able to service existing insurance contracts for a period of three years after the withdrawal date, however they may not take on new business without authorisation. The proposed legislation

has been published as part of the Government's Omnibus Brexit Bill on 22 February, with the Government's intention that it will be finalised by late March.

Loss of market access: CCPs

On 19 December the European Commission adopted an implementing act to provide 12 months temporary equivalence for UK CCPs offering clearing services into the EU from 30 March 2019 in the event of a no-deal Brexit. Enactment enabled the recognition of UK CCPs by ESMA, which has now been completed for all three UK CCPs (ICE Clear Europe Ltd, LME Clear Ltd and LCH Ltd). The necessary MoU has also been agreed between ESMA and the BoE. The combination of these factors means that this cliff edge risk has been mitigated in the short-term, albeit that banks and other affected entities will need to act to ensure this risk is mitigated over the medium term (ahead of the expiration of the temporary equivalence period).

Loss of market access: Central Securities Depository (CSD)

Euronext has identified its preferred long-term CSD partner, Euroclear Bank Belgium. However, Euronext estimates that it will take a minimum of two years post-Brexit to facilitate a smooth transition to the new provider and therefore the only interim solution available is a continuation of the status quo with Euroclear UK & Ireland, the operators of CREST.

With regard to the interim solution, on 19 December 2018, the European Commission published its decision to grant temporary equivalence to the UK's legal and supervisory arrangements for CSD's for a period of two years, until 29 March 2021. On 1 March 2019, ESMA announced that, in the event of a no-deal Brexit, the CSD established in the UK – Euroclear UK and Ireland Limited – will be recognised as a third country CSD to provide its services in the EU. Euroclear UK and Ireland (EUI) now has the required legal basis to continue to provide services to the Irish market even in a no-deal Brexit scenario.

[Omitted due to confidentiality].

[Omitted due to confidentiality].

[Omitted due to confidentiality]. The Settlement Finality legislative amendments are included as part the Government's omnibus Brexit legislation published on 22 February. [Omitted due to confidentiality].

Loss of passporting- particularly in the case of fund management

On 1 February 2019 ESMA issued a press release to confirm that ESMA and EU securities regulators agreed no-deal Brexit MoUs with the FCA. This included a Multilateral Memorandum of Understanding (MMoU) between EU/EEA securities regulators and the FCA covering supervisory cooperation, enforcement and information exchange between individual regulators and the FCA, which will allow them to share information relating to, amongst others, market surveillance, investment services and asset management activities. This MMoU will allow fund manager outsourcing and delegation to continue to be carried out by UK based entities on behalf of counterparties based in the EEA. This risk has therefore been mitigated.

3.2. Emerging Risks

We continue to focus on potential new risks which emerge as we get closer to Brexit date, for example […], trading obligations for shares listed in Euronext Ireland and discontinuation of UK participation in the Single Euro Payments Area (SEPA).

[Omitted due to confidentiality].

Trading obligations for shares listed in Euronext Ireland

Post Brexit, trading venues in the UK will become third country trading venues. In this scenario, and in the absence of an equivalence determination for UK trading venues, EU firms will not be able to trade shares on UK venues in order to satisfy the share trading obligation (under Article 23 of MiFIR[6]). [Omitted due to confidentiality].

On 5 March, the Board of Supervisors (BoS) approved an approach to exclude illiquid shares with GB ISINs from the trading obligation for a temporary period of up to 12 months. [Omitted due to confidentiality].

[6] Markets in Financial Instruments Regulation

[Omitted due to confidentiality].

Discontinuation of UK participation in the Single Euro Payments Area (SEPA)

In February a concern emerged that in the event of a no-deal Brexit, the UK (or specifically UK Payment Service Providers (PSPs)) may no longer be able to participate in SEPA unless the European Payments Council (EPC) approves the UK's continued participation in the scheme. In this case, if continued access for the UK had not been granted by the EPC, Irish consumers may not have been able to send/receive euro denominated retail payments to/from the UK via the SEPA schemes. The Central Bank engaged with the Banking & Payments Federation Ireland (BPFI) to assess the potential impact on the Irish market and with the DoF on this matter. On 7 March the EPC Board voted to approve the UK PSPs continued participation in SEPA in the event of a no-deal Brexit. This risk is therefore mitigated.

[Omitted due to confidentiality].

[Omitted due to confidentiality].

Communications

[Omitted due to confidentiality].

A Brexit Communications subgroup is considering the various communications elements of Brexit- including agreeing consumer and industry FAQs, developing key messages and playbooks, etc. Communications is also a standing item on the Brexit Steering Committee agenda.

4. Contingency Planning

4.1. Banking[7]

Banking Supervision's (BSD) desired outcome for banks planning for Brexit is that they have credible, and appropriate preparatory measures and contingency plans to withstand the prudential impacts of a hard, no-deal Brexit. Where there are risks identified, it is expected that they have been adequately assessed and that bank management have robust, effective mitigants in place. Bank boards are expected to have demonstrated full understanding, consideration and clear accountability for Brexit. Whilst some concerns remain, particularly in relation to individual risk ownership, board oversight of Brexit is largely satisfactory and better placed than in Q4 2018.

Banking supervisors both in the Central Bank of Ireland and the Single Supervisory Mechanism (SSM) continue to engage with institutions on their contingency planning for a no-deal Brexit. For retail banks and non-retail less significant (LSIs) credit institutions this engagement focuses on gaps identified from the in-depth assessment which concluded in Q3 2018. [Omitted due to confidentiality]. BSD is generally satisfied that banks have adequate capital headroom to sustain a disorderly Brexit scenario. [Omitted due to confidentiality].

[Omitted due to confidentiality].

Material immediate cliff-edge risks arising from a no-deal Brexit have been:

i. **Temporarily removed:** By the actions of the European Commission and ESMA to allow for equivalence and recognition of UK Central Counterparties (CCPs) for a period of one year in the event of a no-deal Brexit. This does not permanently remove the risks, but allows more time for banks to take mitigating actions in relation to contracts with UK CCPs.

ii. **Are manageable in terms of their impact:** The loss of certain preferential treatments for UK exposures in the event of a no-deal Brexit would affect the calculation of capital requirements under the standardised approach for certain exposures. Analysis of the banks included in the detailed Q3 assessment indicates that, while this would reduce some banks' capital ratios, they would still remain above required capital levels. Such a situation would occur where the

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[7] This section, unless specifically mentioned, excludes banks that were undergoing significant expansion or an authorisation process as these entities are subject to separate detailed review as part of their specific Brexit engagement.

UK regulatory regime is not determined to be equivalent by the European Commission or there is a delay in such a determination being made.

iii. **Are expected to have been largely mitigated by banks by the end of March:** Banks have been taking action to mitigate risks relating to the transfer, storage, processing and/or management of EU customer data in the UK to ensure compliance with the General Data Protection Regulation (GDPR). Retail banks have either completed their mitigating actions or actions are well advanced and are generally expected to be completed by the end of March. Some of the investment banks also have the option to bi-locate sorted data in the UK and/or the EU as a contingency measure. However, progress at smaller banks is slower. Banks with UK affiliates are generally taking actions to mitigate risks in relation to intra-group outsourcing where relevant.

The Central Bank recognises the significantly improved liquidity and funding situation of the banks in recent years, in particular the domestic retail banks. However, BSD has taken a prudent approach and has completed internal analysis to understand any potential vulnerabilities in retail bank funding profiles. [Omitted due to confidentiality].

4.2. Insurance

Contingency Planning Outwards: Ireland to UK

There is a risk that Irish insurers may not be able to pay out claims or service existing insurance contracts to UK policyholders.

Irish authorised insurance undertakings are implementing contingency plans to allow them to write and/or service existing insurance contracts, post Brexit. The options, which are available under the current legal framework to ensure service continuity that impact UK policyholders include:

i. Portfolio Transfer to an existing UK entity
ii. Portfolio Transfer to a newly established UK Subsidiary
iii. Establishing a Third Country Branch in UK (Outwards)
iv. Establishing a Third Country Branch in Crown Dependencies
v. Fronting arrangement with UK insurers
vi. Cease writing UK new business

Two of the proposed plans relate to accessing the UK market via "overseas person exemption" and on a "non-admitted basis" which may be permissible under UK law. A number of life insurers who provide offshore bonds from Ireland to the UK plan to access the UK market using these overseas exemptions. They have received legal advice in respect of their plans. The Central Bank has formally notified both the PRA and FCA of these approaches. FCA and PRA have provided no objection to these plans and have not requested additional plans from these firms. A number of captive insurers also intend to access the UK market on a non-admitted basis to write non-compulsory business. The PRA have also been formally notified of this approach.

Temporary permissions to address contract continuity – UK

In order to mitigate Brexit risk in respect of financial services for UK policyholders, the UK Government has passed the temporary permission regime under the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 legislation. This allows EEA firms to passport in the UK for approximately a three-year period while they plan to set up a presence and obtain authorisation in the UK. This will allow firms to develop a longer-term strategy to access and operate in the UK market post Brexit.

For EEA firms who do not intend to write UK business post Brexit, and intend to run-off existing UK portfolios, the UK Government has passed the Financial Services Contracts (Transitional and Saving Provision) (EU Exit) Regulations 2019 (FSCR). This regime will ensure EEA firms are able to wind down their UK regulated activities in an orderly way provided that:

- They were passporting prior to exit day and require authorisation in the UK to continue servicing their contracts;
- They did not enter Temporary Permissions Regime (TPR) or exit TPR without UK authorisation in relation to some or all of the regulated activities which they carry on; and
- They have home state authorisation;
- The FSCR is premised on a 'no deal' scenario;
- The FSCR comprises two regimes: Contractual Run-Off (CRO) (operate under freedom of services) and the Supervised Run-Off (SRO) (under freedom of establishment);
- Under both regimes EEA firms are not allowed to write new business contracts.

As the UK Government has committed to providing a temporary permission regime for a three year period and a run-off regime for existing contracts, the cliff edge effect for insurance contract continuity for Ireland into the UK is effectively mitigated for a three year timeframe.

Contingency Planning Inwards: UK/Gibraltar to Ireland

Passporting from UK to Ireland

The key risk is a cliff edge effect of insurance contract continuity in a hard Brexit scenario. UK insurers may not be able to pay out on claims and service existing contracts to Irish policyholders.

Through the EIOPA Brexit Platform, bilateral engagement with the PRA/FCA, the Central Bank has obtained the plans for the majority of undertakings with a number of them applying for authorisation for either an Irish subsidiary or third country branch in Ireland. A number of these firms already have existing branch operations in Ireland with either converting the existing branch to a third country branch or to a full Irish subsidiary. The remainder are seeking to establish a subsidiary or branch operations in other EU jurisdictions.

The insurance market in Ireland may change post Brexit. Some of the new applications to Ireland have sizeable "with profits" portfolios. In addition, a number of the non-life undertakings seeking authorisation include specialist marine underwriters or specialist insurers.

Passporting from Gibraltar to Ireland

The Central Bank has obtained an overview of the proposed contingency plans of the Gibraltar firms that write Irish premium through the EIOPA Brexit platform and through bilateral calls with the GFSC. [Omitted due to confidentiality]. In a no deal scenario, firms that have not completed portfolio transfers on time can avail of the Domestic Temporary Run-off regime, as outlined below. Gibraltar firms that have not developed Brexit plans are aware they cannot write new business in Ireland in a no deal scenario. Consumer Protection issued warning letters to these firms on 4th March 2019.

There were no Gibraltar life undertakings that wrote into Ireland for year-end 2016.

Actions Taken by the Central Bank

EIOPA Brexit Cooperation Platform

The Central Bank actively participates in weekly EIOPA Brexit Co-operation Platform teleconference calls, which discuss specific undertaking contingency plans. All EU28 regulators attend this EIOPA platform. Through the platform, the Central Bank shares and provides updates on the Irish authorised undertaking progress and obtains details of the UK and Gibraltar undertakings contingency plans. EIOPA conducted four information requests on Brexit contingency plans (January, March, July and

November) in 2018. Through this information exchange, all EU 28 regulators are able to get an updated status and progress of contingency plan implementation.

Bilateral engagement with the UK and Gibraltar regulators

The Central Bank also engages and collaborates with the UK and Gibraltar regulators on a bilateral basis to discuss and challenge the robustness of plans. There have been several teleconference calls to discuss specific firms contingency plans progress.

The Central Bank held Telco's with the PRA, FCA and GFSC to discuss some undertakings plans in more detail. The Central Bank continues to share knowledge with the PRA, FCA and GFSC on firms' contingency plans so both parties are kept informed.

Direct engagement with firms

The Central Bank has issued letters to some firms in respect of their contingency plans. Supervisors continue to challenge their respective firms on their proposed contingency plans, requesting more detail such as trigger points for implementing plans.

The Central Bank continues to communicate with the industry on the importance of having credible plans with key trigger points for implementation for Brexit through Brexit roundtables, industry events and industry newsletters.

Domestic Temporary Run-Off

In order to mitigate the risks and potential policyholder detriment set out above, the Central Bank has proposed amendments to the European Union (Insurance and Reinsurance) Regulations 2015 (the 2015 Solvency II Regulations) to establish a new temporary domestic run-off regime for undertakings. This is deemed by the Central Bank as the most appropriate solution in seeking to protect policyholders from potential cliff-effect issues in respect of insurance contracts, in the event of a hard Brexit.

This legislative solution will allow UK and Gibraltar firms to run off existing portfolios for a limited three-year period. These firms will be deemed authorised. During this timeframe the UK and Gibraltar firms will not be allowed to write new business.

The Central Bank has been engaging with the DoF and the Office of the Parliamentary Counsel in respect of the draft legislation, which was finalised and stamped on 8 February 2019. The legislation is part of the Government's overall Brexit Omnibus Bill 2019, which was published on the 22 February 2019. The Bill is progressing through the Houses of the Oireachtas, with the Government hoping that it will pass all stages by Friday 15 March 2019.

4.3. Asset Management

Supervisors in Asset Management Supervision (AMS) have continued to actively engage with Medium High and Medium Low Impact firms in assessing their contingency plans for Brexit, in particular a hard Brexit.

The majority of firms see less risk than a year ago. This is mainly due to progression in the planning process, the relocation of key trading counterparties to EU27 countries and agreements reached around the temporary equivalence regimes for CSDs and CCPs. It was noted that firms with UK operations or clients are placing a reliance on the availability of the FCA's Temporary Permissions Regime as part of their contingency planning. Many firms have conducted robust assessments of the potential financial impact of Brexit on their business models. The results range from those who envisage a material negative impact on revenue in 2019, to others who may experience revenue growth due to the relocation of assets or business lines to Ireland. Further follow-on engagement will be undertaken by supervisors where concerns remain regarding a firm's preparedness for a hard Brexit.

For trading venues and their trading member firms, an area of elevated concern relates to the application of the share trading obligation requirements under Article 23 of MiFID II which requires that any share with an EU listing must be traded on a trading venue in the EU or an equivalent third country. [Omitted due to confidentiality]. ESMA are examining the area closely in an effort to develop an appropriate policy response to mitigate the cliff effect risk. The Central Bank continues to monitor developments in this area.

4.4. Securities and Markets

Irish Authorised Investment Funds:

The Central Bank continues to escalate its preparedness with respect to the four main cliff effects which have been identified as affecting Irish authorised investment funds in the event of the UK leaving the EU on the 29 March 2019 without a transitional arrangement:

(i) *Loss of the passport for UK Fund Management Companies (FMCs) acting for Irish funds*

The sections below set out by fund category, the current exposure of Irish authorised investment funds to UK Fund Management Companies losing their EU passports post Brexit and the ongoing work being undertaken to address this.

Undertakings for Collective Investment in Transferable Securities (UCITS)

On 29 March 2019, UK UCITS Management Companies will become non-EU entities and will not be permitted to manage Irish authorised UCITS. In December 2018, SMSD communicated with […] Irish UCITS Umbrellas who are currently managed by a UK UCITS Management Company passporting into Ireland to inform them that they will not be permitted to use the services of the UK UCITS Management Companies from 29 March 2019 and will need to seek alternative arrangements. All of the UCITS contacted communicated in their responses their intention to appoint EU27 entities as replacements or terminate the fund. [Omitted due to confidentiality].

Retail Investor AIFs (RIAIFs)

On 29 March 2019, UK Alternative Investment Fund Managers (AIFMs) will become non-EU entities and will not be permitted to manage or market Irish authorised RIAIFs. Currently […] Irish RIAIF Umbrellas are managed by UK AIFMs. In the absence of appointing a new AIFM authorised in a EU27 member state, these RIAIFs would lose their AIFM possibly necessitating the termination of the fund. However, SMSD has received change of service provider applications in good time […] to move their management from their UK AIFMs to alternative EU27 AIFMs.

Qualifying Investor AIFs (QIAIFs)

On 29 March UK AIFMs will become non-EU entities and will no longer automatically benefit from the EU AIFMD passport to manage and market QIAIFs on a cross-border basis in the EU.

Third country AIFMs are not permitted to market their AIFs under the European passport but there is a regime in place to allow third country AIFMs to manage Irish Qualifying investor AIFs subject to certain conditions[8]. This allows UK AIFMs to continue managing Irish QIAIFs from this point on but marketing into the EU will be subject to member states' National Private Placement Regimes. In the absence of Irish QIAIFs appointing an AIFM authorised in a EU27 member state, those QIAIFs that are dependent on future investment by investors outside Ireland and the United Kingdom may be adversely affected and may need to be terminated. The Central Bank is currently liaising with […] Irish QIAIFs who are managed by UK AIFMs in respect of their final Brexit plans. Affected QIAIFs were given a deadline of 22 February 2019 to advise the Central Bank if they are intending to a) appoint a new AIFM authorised in a EU27 member state, b) designate its current UK AIFM as non-EU AIFM or c) terminate the QIAIF ahead of 29 March 2019. [Omitted due to confidentiality].

SMSD will continue to liaise with all affected funds with respect to their Brexit contingency measures and monitor their progress in implementing their finalised plans as the 29 March approaches.

(ii) *The loss of the ability of Irish funds to delegate their portfolio management to UK investment managers*

In order for Irish funds to be able to continue to delegate portfolio management to a firm located in a third country the following criteria must be met:

a) The firm must be authorised to provide asset management activities and be subject to prudential supervision in the third country.
b) There must be supervisory cooperation between the third country regulator and the Central Bank as the AIFM/UCITS home regulator.

Supervisory cooperation between the Central Bank and the third country authority is established by way of a MoU. For both UCITS and AIFMD delegation, the ESMA AIFMD MoU is used as the model for establishing appropriate cooperation and a country who wants to sign

[8] Central Bank published the Thirty-First Edition of the Central Bank AIFMD Q&As providing clarity in respect of UK AIFMs managing Irish QIAIFs post Brexit. UK AIFMs seeking to avail of non-EU AIFM status in order to continue managing Irish QIAIFs were required to notify the Central Bank of their intention by 22 February 2019.

up to this MoU must engage with ESMA in order to become signatories. On 1 February 2019, it was announced that ESMA, European regulators and the Financial Conduct Authority of the UK had agreed MoUs as part of authorities' preparations should the UK leave the EU without a withdrawal agreement. The MoUs will therefore only take effect in the event of a no-deal Brexit scenario. As part of the MoUs, certain activities, such as investment management outsourcing and delegation, will be allowed to continue to be carried out by UK based entities on behalf of investment funds based in the EU.

In order to establish that the prudential supervisory framework for portfolio management in a third-country meets the required standard. SMSD conducts an assessment of the legal, supervisory and enforcement regime in the third-country jurisdiction to ensure that there is equivalency with the regime for asset management in Ireland. MifID is used as the benchmark in this regard. [Omitted due to confidentiality].

[Omitted due to confidentiality].

(iii) *The loss of the marketing passport for Irish funds into the UK market*

The UK's FCA is now accepting formal notifications from EU27 funds who wish to avail of the UK's TPR to continue passporting into the UK in the event of a no-deal Brexit. To avail of the TPR, fund managers must notify the FCA by 28 March 2019. The FCA expects the regime will be in place for a maximum of three years within which time investment funds will be required to obtain authorisation or recognition in the UK, if required. In order to raise awareness of the availability of the UK's TPR for investment funds, the Central Bank published the *Central Bank of Ireland Markets Update Issue 1 2019 - 16 January 2019*, drawing attention to the procedure involved and providing relevant links to the FCA's website. Following on from this SMSD issued communication to all Irish authorised investment funds notifying them of the availability of the TPR.

(iv) *The loss of market access for Irish Exchange Traded funds (ETFs) – CSD Issue*

Euronext Dublin (Euronext) currently uses CREST – the securities settlement system operated by EUI to settle Irish equities and some ETFs. Once the UK fully exits the EU, Euronext will no longer be able to use CREST, without an equivalence decision from the European Commission,

and ESMA's recognition of CREST as a third country CSD. Furthermore, once the UK exits the EU, CREST will no longer be eligible to avail of TARGET2 (T2) for euro settlement as T2 access is restricted to systems managed by entities established in the EEA.

In December 2018, SMSD contacted all Irish authorised ETFs with respect to their current settlement arrangements. [Omitted due to confidentiality]. Recent developments at European level have considerably mitigated this risk in the event of a no-deal Brexit. In December 2018 the European Commission adopted a temporary equivalence decision in respect of UK authorised Central Securities Depositories (CSDs) for a limited period of two years. In the event of a no-deal Brexit, UK CSDs, such as CREST, can continue to provide their services within the EU for this specified period. More recently on 1 March 2019, ESMA formally announced that in the event of a no-deal Brexit, CREST will be recognised as a third country CSD to provide its services in the EU. [Omitted due to confidentiality]. […], SMSD will continue to monitor the final steps in ensuring CREST will be fully operational (post 29 March 2019) for Euro settlement through its continued access to Target 2.

As outlined above, substantial work has been completed both internally and at a European level to mitigate the cliff effects of a hard Brexit on Irish funds sector. [Omitted due to confidentiality]. Nevertheless, as the 29 March deadline approaches, SMSD will implement the final phase of its Brexit planning, which will include the finalisation of investment funds movement to EU27 Fund Management Companies and the monitoring of the ECB's granting of access to CREST of Target 2, to ensure the ongoing settlement of Irish ETFs and securities.

4.5. Resolution

EBA Opinion on DGS Issues

The European Banking Authority (EBA) published an opinion on 1 March on 'deposit protection issues stemming from Brexit'. In this opinion, EBA recommends that the EU's national deposit guarantee scheme (DGS) authorities should take active steps to ensure that covered deposits in branches of UK-authorised institutions established in the EU continue to be adequately protected after the UK's withdrawal from the EU. Accordingly, to ensure that covered deposits are protected, EBA recommends that such branches should become members of the DGSs in the EU Member States in which they are established. The opinion also explains when, how and by whom depositors should be

informed about any potential changes to the protection of their deposits and reminds national DGS authorities of the applicable provisions regarding transfers of previous DGS contributions where a credit institution changes its DGS affiliation. The opinion furthermore highlights potential issues stemming from depositors in branches of EU-authorised credit institutions operating in the UK potentially being covered by both the UK and the EU DGSs.

The Central Bank is the national DGS authority for Ireland and contributed to the development of this opinion via its participation at the relevant EBA task force and committee. This issue is currently assessed to be a non-material risk in an Irish context.

Resolution Framework Cooperation Agreement

Over the course of 2018, EBA developed a draft resolution 'framework cooperation agreement' (FCA) between itself and the BoE. The key function of this FCA would be to steer the principles and content of any future bilateral MoUs that may be agreed between any EU resolution authorities and the BoE. The FCA would be particularly relevant in a hard Brexit scenario. EBA engagement with the BoE on a draft FCA remains ongoing at time of writing.

Bilateral MoUs are not, in themselves, essential for ensuring recognition of resolution actions taken in non-EU jurisdictions that may have implications in the EU (e.g. where there is an EU subsidiary) and vice-versa. Nonetheless, such MoUs would tend to facilitate resolution authority cooperation generally, including in the context of resolution colleges and confidential information sharing. The Central Bank contributed to the development of the draft FCA via its participation at the relevant EBA committee and continues to closely monitor progress in this regard.

5. Organisational Risk

The Organisational Risk Division (ORD) has prepared a report which outlines the findings of a Bank-wide assessment of operational risks and impacts faced by divisions as a consequence of Brexit developments. Since considerable uncertainty remains as to the outcome of the EU/UK negotiations, the assessment is agnostic to any specific Brexit scenario. The assessment forms part of a three-stage methodology which aims to establish an organisation-wide view of the range of Brexit-related impacts and operational risks to the organisation, and to ensure the necessary countermeasures for these are being progressed. The report represents the completion of the first two stages of the assessment and was presented to the Brexit Steering Committee and subsequently to the Commission Risk Committee in February.

Stages one and two were substantially completed by the end of 2018, and involved engagement with all divisions in the Central Bank in order to determine the degree to which they are exposed to Brexit. On this basis, divisions were categorised as either high, medium or low risk/impact. Following further engagement with higher impacted divisions, contingency measures or remedial actions were identified and progressed by divisions, wherever possible. ORD first collated input data using a risk assessment questionnaire, and subsequently reviewed and validated responses via targeted workshops with divisions. The data gathered from the first stage of the assessment permitted ORD to categorise 20 of the Central Bank's divisions as higher impact. [Omitted due to confidentiality].

Based on ORD's analysis of the Brexit-related impacts identified by divisions, five risk drivers were particularly notable, namely the (i.) volume of authorisations, (ii.) increased scope of supervisory requirements, (iii.) adequacy of resourcing and the consequent need to re-prioritise existing work demands, (iv.) continuity and enforceability of legal contracts, and finally, (v.) ensuring GDPR requirements are managed. A common feature to these themes relates to the consequences for many divisions associated with the influx of new firms to Ireland. Divisions noted both the shorter-term and potential downstream implications of re-prioritising work to manage these Brexit-related demands. Looking forward, divisions anticipate that Brexit will present a major shift in supervisory and conduct requirements. These changed requirements relate both to large or high impact firms and those which are classified as low impact under the PRISM supervisory engagement model, given the necessity for risk-based supervision or analysis. [Omitted due to confidentiality].

Similarly, an increase in the volume and complexity of authorisations introduces additional operational risks in the day-to-day processes of impacted divisions, and others involved in their future prudential and conduct supervision. [Omitted due to confidentiality].

[Omitted due to confidentiality].

In relation to legal contracts and the cross-border transfer of personal data, work has been completed in identifying the number of third party contractors and data processors that are located in the UK. [Omitted due to confidentiality]. Work has subsequently commenced to ensure directorates and divisions are implementing measures necessary to ensure contract continuity and GDPR compliance.

ORD will continue to review progress in this regard and challenge in line with the Central Bank's ORM Policy. ORD has also commenced the third stage of the assessment process and is following up with all divisions in relation to their Brexit related risk exposures and remedial efforts. This engagement will continue with first line divisions on an ongoing basis and again once the outcomes of the Brexit negotiations become clear. ORD will continue to monitor and report on changes to the risk registers to the Brexit Steering Committee and Risk Management Committee via the existing Integrated Risk Report.

6. Authorisations activity

6.1. Overview

[Omitted due to confidentiality].

6.2. Asset Management Supervision

[Omitted due to confidentiality]

6.3. Banking

[Omitted due to confidentiality]

6.4. Consumer Protection

[Omitted due to confidentiality]

6.5. Insurance

[Omitted due to confidentiality]

6.6. Securities and Markets

[Omitted due to confidentiality]

7. Central Bank engagement on Brexit issues at a European level

7.1. European Insurance and Occupational Pensions Authority (EIOPA)

On the 19 February, EIOPA issued a Recommendation for the insurance sector in light of the United Kingdom withdrawing from the European Union.[9] This recommendation provides guidance on the treatment of UK insurance undertakings and distributors with regard to cross-border services in the EU, in the event that the UK leaves the EU without a withdrawal agreement. The objectives of the recommendation are to minimise policyholder detriment in relation to such cross border insurance contracts. The recommendation also seeks to ensure a convergent and consistent approach by NCAs of insurance business that would become unauthorised in the event of a withdrawal by the UK without a transition agreement. One of the recommendations proposes that NCAs should apply a legal framework or mechanism to facilitate the orderly run-off of business which became unauthorised. This "orderly run-off" would not permit insurance undertakings or distributors to conclude new insurance contracts with policyholders and would be in place to run-off the existing business. This Recommendation was developed by EIOPA's Brexit Cooperation Platform. The Central Bank is an active member of this platform and proposed amendments and drafting to the final EIOPA Recommendation, to ensure alignment between EIOPA's proposals and the Irish temporary run-off regime.

A separate EIOPA Brexit MoU taskforce concluded its work on the MoUs with the UK Authorities; the FCA, PRA and the Pensions Regulator. The MoUs take effect should the UK leave the EU without a withdrawal agreement. The MoUs were approved by EIOPA's Board of Supervisors (BoS) in March and EIOPA issued a press release in that regard. The following MoUs were agreed:

- A MMoU on supervisory cooperation, enforcement and information exchange between the EEA NCAs and the UK Authorities
- A Bilateral MoU between EIOPA and the UK Authorities on information exchange and mutual assistance in the field of insurance regulation and supervision

The MoUs provide for the reciprocal flow of appropriate and reliable information to ensure effective supervision of (i.) cross-border (re)insurance establishments incorporated either in the UK or in an EEA

[9] https://eiopa.europa.eu/Publications/Standards/EIOPA-BoS-19-040_Recommendation_Brexit_final.pdf

member state, (ii.) cross-border groups, or (iii.) special purpose vehicles established in the UK or in an EEA member state. The MoUs are due to be signed by the BoS members towards the end of March, at which stage it is envisaged that they will be published by EIOPA.

The Central Bank continues to participate in the weekly Brexit teleconferences hosted by EIOPA to discuss the progress of contingency plans for individual insurers with cross border business and other issues of common interest.

7.2. European Securities and Markets Authority (ESMA)

In January, the ESMA MMoU between EEA NCAs and the UK's FCA in relation to information sharing and providing mutual assistance for the purposes of supervisory cooperation and enforcement within their respective jurisdictions was approved and signed. ESMA also finalised a MoU between ESMA and the UK FCA concerning the exchange of information in relation to the supervision of credit rating agencies and trade repositories.

On 19 December 2018, the European Commission published its equivalence decisions with regards to the UK legal, regulatory and supervisory framework for central counterparties. Following this publication, ESMA pursued negotiations with the BoE in respect of the MoU for recognition of UK CCPs and UK CSDs in the EU and this MoU was approved in February 2019. The Memorandum of Understanding between EEA NCAs and the BoE for recognition of EU CCPs and EU CSDs in the UK was also approved at this time.

[Omitted due to confidentiality].

[Omitted due to confidentiality].

The ESMA BoS also approved an approach to deal with the application of the trading obligation for shares in a no-deal Brexit scenario. MiFIR requires that transactions in shares in the EU must be executed on an EU trading venue or on a trading venue in a third country assessed by the European Commission as equivalent (the "trading obligation for shares"). After Brexit, EU investment firms will not be able to trade EU shares on UK venues in order to satisfy the trading obligation. [Omitted due to confidentiality].

On 5 March, the BoS approved an approach to exclude illiquid shares with GB ISINs from the trading obligation for a temporary period of up to 12 months. [Omitted due to confidentiality].

As a direct result of Brexit, DTCC Data Repository (Ireland) plc applied to ESMA for registration as a trade repository which was approved by ESMA and the BoS on 22 February. This entity will be supervised directly by ESMA but will be domiciled in Ireland. DTCC is the largest trade repository operating in the EU.

7.3. European Banking Authority (EBA)

The Central Bank continues to actively engage with the EBA and with financial institutions directly to monitor contingency planning with respect to Brexit.

Following the conclusion of the EBA's negotiations with the UK authorities on the MoU template for supervisory cooperation between the EU27 and the UK authorities (which will serve as the basis for the Central Bank's bilateral MoU with the UK authorities), the MoU template has now been submitted to the EBA BoS for approval.

Negotiations between the EBA and the UK authorities are ongoing in relation to the EBA-UK MoU and the framework cooperation agreement, which provides guidance to facilitate the conclusion of cooperation arrangements between EU national resolution authorities and the BoE.

7.4. ECB: Single Supervisory Mechanism (SSM)

The Central Bank continues to work closely with the SSM, and to actively participate in the SSM Supervisory Policies Network and the SSM Brexit Group. In particular, the Central Bank contributed to the recent review of the SSM's internal policy stance on EU27 clients and products within the context of booking models.

[Omitted due to confidentiality].

[Omitted due to confidentiality].

8. Special Topic 1: EU Migration to and from the UK in the context of Brexit an update[10]

Executive Summary*: This Special Topic provides an update on a previous contribution on migration flows to and from the UK after Brexit (BTF Report 2018 Q2).*

The new data, spanning from September 2017 to June 2018, show how inflows of EU citizens to the UK continued to decrease in 2018. At the same time, outflows of EU14 citizens have slowed down, but the upward trend in outflows of EU8 citizens' persists. Net migration from non-EU countries has increased over the period.

In terms of motivation, 'work-related' reasons still account for the majority of inflows of EU citizens into the UK. In June 2017, roughly 35,000 EU citizens were leaving the UK for a definitive job. At the end of June 2018, the number had risen to 41,000.

Looking at Irish data, we see an increase in net migration in 2018. Together with an increase in non-EU citizens, data reveals an increasing number of UK nationals moving to Ireland.

Since the publication of the first update on migration flows to and from the UK in Q2 2018, the ONS released further data including the period that goes from September 2017 to June 2018. During this period, inflows of EU27 citizens into the UK have continued their downward trajectory (Chart 8.1.1). While outflows of EU citizens have slowed down, they are at their highest level since December 2009 for EU8 national, and an all-time high for EU2. Data for the year up to the end of June 2018, shows that 145,000 EU nationals had left the UK, while 219,000 had arrived. The total inflow of EU nationals was at its lowest since March 2014.

Chart 8.1.1: Inflow (Immigration) of EU Citizens to the UK ('000)

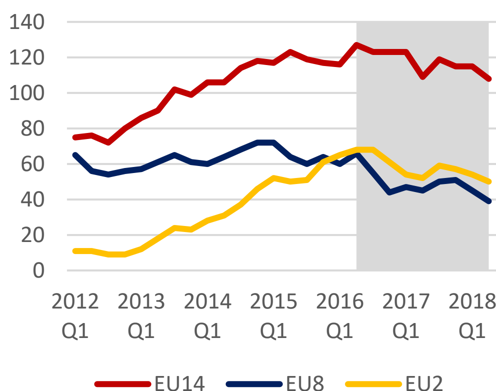
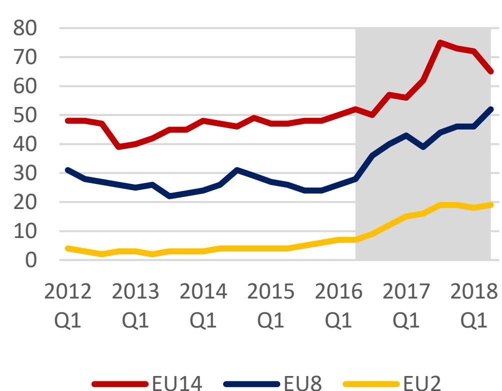


Chart 8.1.2: Outflow (Emigration) of EU Citizens to the UK ('000



Source: NSO International Passenger Survey (IPS) estimates of long-term international migration (LTIM). Rolling annual data for the United Kingdom, year ending June 2018. Shaded area indicates post-Brexit referendum period. Data ends in Q2 2018.

[10] By Silvia Calò (International Relations)

According to the Passenger Survey, in terms of motivation, 'work-related' reasons are still the main driver of inward migration of EU national to the UK. Annual data ending in June 2018 shows that almost 55 per cent of EU respondents were moving to the UK citing a definite job or looking for work (Chart 8.1.3). 'Work-related' reasons have, proportionally, become less important since September 2017. 'Formal study', on the other hand, has been playing a more important role in guiding EU citizens' decisions to move to the UK, with more than a quarter of surveyed EU nationals listing it as the reason why they had arrived into the UK. These figures increased by 20,000 people between June and September 2017, and are now at one of the highest absolute and relative levels since mid-2012. The main reason EU nationals gave for leaving the UK (Chart 8.1.4), was 'going back to their home country to live', followed by 'moving for a definite job' elsewhere.

Chart 8.1.3: Inflow (Immigration) of EU Citizens to the UK ('000)

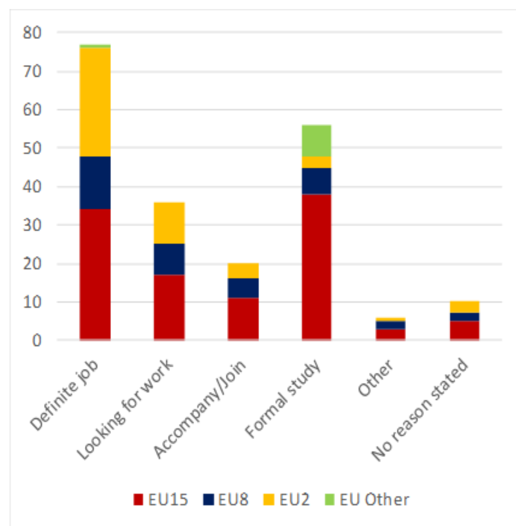
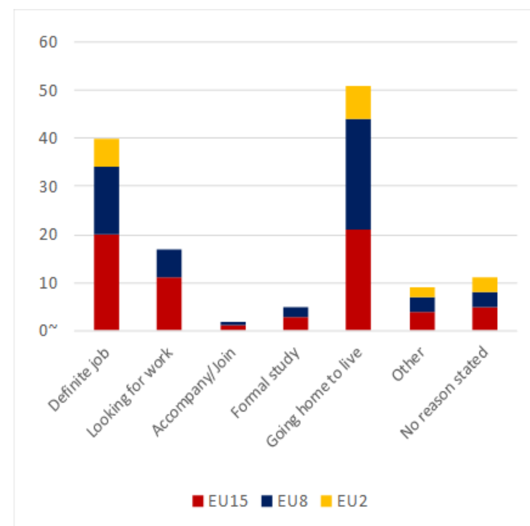


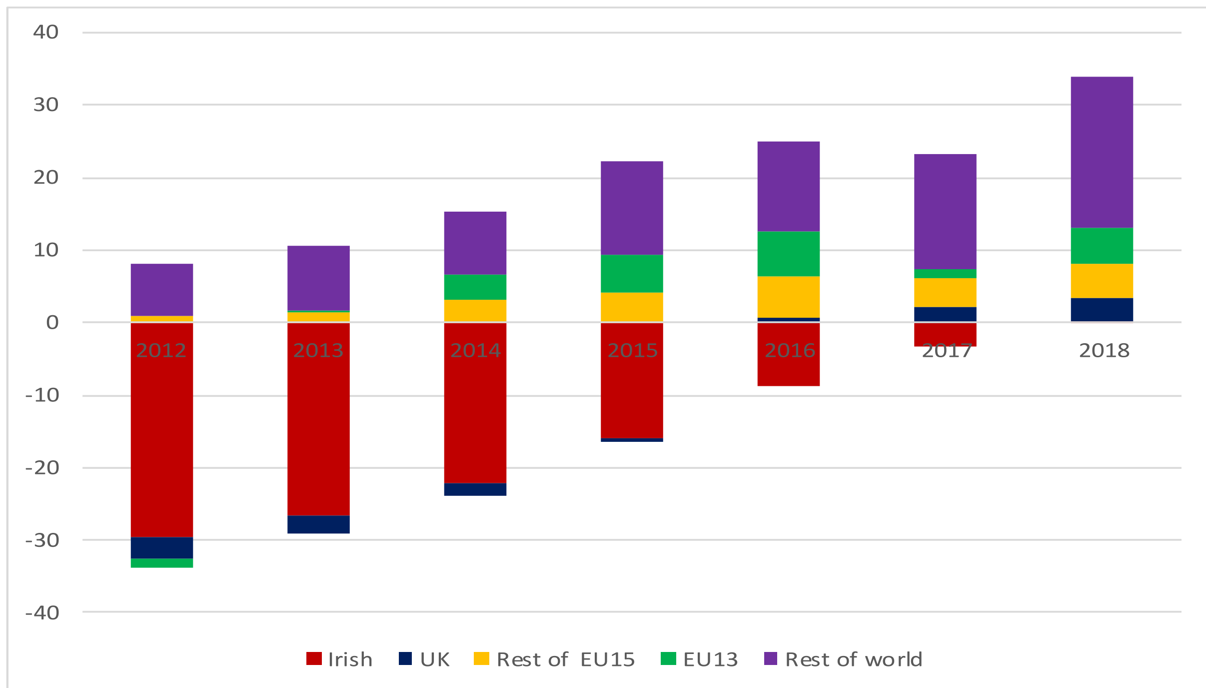
Chart 8.1.4: Outflow (Emigration) of EU Citizens to the UK ('000



Source: ONS (2018), International Passengers Survey, estimates of long-term international migration. Rolling annual data for the United Kingdom, year ending June 2018. Observations for 'EU Other' are all omitted due to the small sample size.

Looking at Irish data (Chart 8.1.5) we see an increase in net migration in 2018, going from 20,000 in 2017 to 34,000. This increase was due to multiple factors: a small yet positive net migration of Irish citizens, an almost doubling of EU net migration, and an increase by one-third of non-EU net migration since 2017. Yet, non-EU citizens represent roughly 60 per cent of net migration, a decrease from the 79 per cent of total inward migration registered in 2017, due to the faster increase in net migration from the EU13. While the net migration of UK citizens into Ireland is small, their number has increased threefold since 2016, growing to 3,000 in 2018.

Chart 8.1.5: 3 Net migration to Ireland by nationality ('000)



Source: CSO. EU15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Spain, Sweden, and Portugal. EU13: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, and Slovenia.

Glossary

AMAI Asset Management: Authorisations and Inspections Division

AMS Asset Management Supervision Directorate

BoE Bank of England

BoS Board of Supervisors

BTF Brexit Task Force

BSSD Banking Supervision - Supervision Division

BSAD Banking Supervision Analytics Division

CBI Central Bank of Ireland

CCP Central Counterparty Clearing House

Central counterparty clearing, also referred to as a central counterparty (CCP), is a financial institution that takes on counterparty credit risk between parties to a transaction and provides clearing and settlement services for trades in foreign exchange, securities, options and derivative contracts.

COSMO Core Structural Model of the Irish Economy

CPD Consumer Protection Directorate

CSD Central Securities Depository

CSO Central Statistics Office

DBEI Department of Business Enterprise and Innovation

DoF Department of Finance

EBA European Banking Authority

ECB European Central Bank

EEA European Economic Area

EIOPA European Insurance and Occupational Pensions Authority

ESMA European Securities and Markets Authority

ESRI Economic and Social Research Institute

EUI Euroclear UK and Ireland

EU8 Group of eight of the 10 countries that joined the EU during its 2004 enlargement

FCA Financial Conduct Authority

FCA Framework Cooperation Agreement

FMD Financial Markets Division

FMC Fund Management Companies

FSC Financial Stability Committee

FSD Financial Stability Division

GDP Gross Domestic Product

GDPR General Data Protection Regulation

IEA Irish Economic Analysis

INSA Insurance - Actuarial, Analytics & Advisory Services

IR International Relations

LSI Less Significant Institution

MiFID Markets in Financial Instruments Directive

The markets in financial instruments directive (MiFID) aims to increase the transparency across the European Union's financial markets and standardise the regulatory disclosures required for particular markets. MiFID implemented new measures, such as pre- and post-trade transparency requirements, and set out the conduct standards for financial firms. The directive has been in force across the European Union (EU) since 2008. MiFID has a defined scope that primarily focuses on over the counter (OTC) transactions.

MiFIR Markets in Financial Instruments Regulation

MMoU Multilateral Memorandum of Understanding

MoU Memorandum of Understanding

MPC Monetary Policy Committee

MPD Markets Policy Division

MS Member State

NTMA National Treasury Management Agency

ORD Organisational Risk Division

PRA Prudential Regulatory Authority

The Prudential Regulation Authority is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms in the UK.

PSSD Payment and Securities Settlement Division

LSI Less Significant Institutions

SMSD Securities Markets Supervision Division

SRD Supervisory Risk Division

SSM Single Supervisory Mechanism

TARGET Trans-European Automated Real-time Gross settlement Express Transfer system

TARGET2 is the real-time gross settlement (RTGS) system owned and operated by the Eurosystem

UCITS Undertakings for Collective Investment in Transferable Securities

UCITS are open-ended investment funds and may be established as unit trusts, common contractual funds, variable or fixed capital companies or Irish Collective Asset-management Vehicles (ICAV).

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