



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Individual Accountability Framework – Questions from Stakeholders

November 2024

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Introduction

This document contains answers to questions about the IAF asked by stakeholders. The Questions from Stakeholders should be read in conjunction with other Central Bank publications on the IAF, notably the [Guidance on the IAF](#), and on the related Administrative Sanctions Procedure and the Fitness and Probity Regime.

The Central Bank is continuing to engage with stakeholders to seek to enhance understanding and awareness of the impact of IAF. We encourage stakeholders to submit queries regarding the implementation of the IAF which are not addressed in the guidance or the Questions from Stakeholders below via IAF@centralbank.ie. The questions and answers will be integrated into the [Guidance on the IAF](#) when it is updated from time to time.

Financial Risks and Governance Policy Division

November 2024

Version	Date	Amendments
1	1 July 2024	
2	27 November 2024	Addition of Questions 1.4, 1.5, 1.6

1. The Conduct Standards

- 1.1. The Conduct Standards set out a single set of applicable standards of behaviour which will apply to relevant individuals in all firms, irrespective of sector. Does this extend to individuals in CF roles providing services on a freedom of services basis?**

The Central Bank confirms that CF role holders providing incoming services on a freedom of services basis are subject to the Conduct Standards.

- 1.2. To what extent are individuals in group entities considered to exercise a significant influence on the conduct of a subsidiary/related RFSP's affairs, and accordingly be subject to the Additional Conduct Standards as CF-1 role holders of the RFSP?**

In the main, it is not anticipated that individuals in group entities will ordinarily exercise significant influence on the conduct of the subsidiary/related RFSP's affairs, and as such constitute CF-1 role holders of the relevant RFSP, and be subject to the Additional Conduct Standards (as well as the Common Conduct Standards). However, where such an individual can effectively direct/exercise a significant influence on key aspects of the business of the RFSP, they will be a CF-1 and therefore they will be subject to both the Common and Additional Conduct Standards as a matter of law.

1.3. There is a statutory obligation on the firm to provide training to individuals in CF roles on the Common Conduct Standards and to individuals in PCF/CF-1 roles on the Additional Conduct Standards to ensure that they have appropriate knowledge of them and how they apply to an individual performing that function. In a situation where CF and/or PCF roles are outsourced, is the firm subject to the IAF itself required to provide this training?

While the firm itself is responsible for providing appropriate training, it is permissible that the delivery of such training can be facilitated by a third party.

1.4. How should suspected breaches of the conduct standards be reported to the Central Bank?

Suspected breaches of the conduct standards should be reported to the relevant supervisory contact. Alternatively, where a person wishes to make a protected disclosure, they should do so by contacting the Protected Disclosures Desk directly. Details of the protected disclosures process and how to submit a protected disclosure can be found on our webpage - <https://www.centralbank.ie/regulation/protected-disclosures-whistleblowing>

1.5. When should suspected breaches of the conduct standards be reported to the Central Bank?

The nature of, and circumstances underpinning, suspected breaches of the conduct standards will vary and therefore the timing of submission of related reports will be dependent on the facts of each particular case.

1.6. How should reports in the context of Section 53F(d) of the Central Bank Reform Act 2010 be made to the Central Bank?

Under Section 53C(2) of the Central Bank Reform Act 2010 (the 2010 Act), PCFs/CF-1s are required to take reasonable steps to meet the standards that are set out in Section 53F of the 2010 Act. With regard to Section 53F(d) of the 2010 Act specifically, PCFs and CF-1s are required, in short, to take reasonable steps to ensure that *“any information of which the Bank would reasonably expect notice in respect of the business of the regulated financial service provider is disclosed promptly and appropriately to the Bank”*. In this regard, any such reports should be made to the relevant supervisory contact, as indicated within the Guidance on the IAF. As noted above, where an individual wishes to make a protected disclosure, they should do so by contacting the Protected Disclosures Desk directly. Details of the protected disclosures process and how to submit a protected disclosure can be found on our webpage:

[https://www.centralbank.ie/regulation/protected-disclosures-whistleblowing.](https://www.centralbank.ie/regulation/protected-disclosures-whistleblowing)

2. The Senior Executive Accountability Regime

2.1. Will the Central Bank provide any guidance on the allocation of Prescribed Responsibilities to specific PCF role holders?

The Central Bank does not intend to be prescriptive with regard to the allocation of Prescribed Responsibilities to specific PCF role holders. This provides firms the flexibility to allocate responsibilities in a manner that accommodates different business models and organisational structures. However, there may be sectoral guidance that may be of relevance. For example, in the context of the allocation of PR14 (*Responsibility for developing and maintaining the firm's recovery plan, the accurate and timely reporting of all information required for recovery and resolution purposes, the implementation of measures necessary to achieve the operationalisation of recovery and resolution strategies, and for overseeing the internal processes regarding their governance, including the coordination of the entity's compliance in those respects*), there is some guidance with regard to recovery planning within the [Central Bank's Recovery Plan Guidelines for \(Re\)Insurers](#) which may be relevant.

2.2. PR20 relates to managing the anti-money laundering and countering the financing of terrorism ('AML/CFT') compliance function (*Responsibility for managing the anti-money laundering and countering the financing of terrorism ('AML/CFT') compliance function in order to address the firm's money laundering and terrorist financing risks including:*

- *the development and oversight of a robust AML/CFT framework;*
- and
- *overseeing the implementation and effective application of AML/CFT systems and controls).* What are the Central Bank's expectations with regard to the allocation of PR20 where a firm does not have a PCF-52 (Head of Anti-Money Laundering and Counter Terrorist Financing Compliance) and/or where a firm is not deemed a designated person under the Criminal Justice Act 2010?

Firms are not required to appoint a PCF-52 in order to allocate PR20. The expectation is that PR20 should be allocated to the most senior individual, with the appropriate authority, responsible for such matters, taking into account the governance structures of the firm.

Firms that are not designated persons under the Criminal Justice Act 2010 are not legally obliged to have an AML/CFT control framework in place. However, such firms are not immune to ML/TF risk, therefore, it would be prudent for these firms to assess their exposure to ML/TF risk as part of their overall risk identification and management framework. Such firms should assign PR20 to the appropriate person, as set out above. That person should consider the responsibilities of PR20 and document the extent to which an AML/CFT framework is required together with the rationale for such decision.

- 2.3. What are the Central Bank's expectations with regard to the extent of the application, and the allocation, of PR34 (*Where the firm has established a specific steering committee to address regulatory matters, responsibility for managing the operation of the committee and for providing comprehensive and timely reporting to senior management and to the board*)?

Noting that Prescribed Responsibilities cannot be shared (other than in the specific scenarios outlined in the Guidance of the IAF), PR34 should be allocated to the most senior individual, with the appropriate authority, responsible for such matters, taking into account the governance structures of the firm. PR34 is intended to apply in relation to specific, non-standard regulatory events (such as implementation projects or actions required from the firm on foot of engagement with the Central Bank).

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