

ICOQ

IRISH COMPLIANCE
QUARTERLY

Autumn, 2015

Anne Marie McKiernan
Registrar of Credit Unions

Fostering Compliance in Credit Unions

PROTECTING CONSUMERS & SMEs

*The Consumer
Protection (Regulation
of Credit Servicing
Firms) Act 2015*

THE COMPANIES

ACT 2014

*The Implication for
Pension Trustees*

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Irish Compliance Quarterly

Welcome to the Autumn edition of ICQ magazine.

As with previous issues, we have a broad range of topics, insights and analysis which we hope is of interest to our members.

With the Credit Union movement at the centre of a lot of recent media coverage, this month's Cover Story is an interview with Anne Marie McKiernan, the Registrar of Credit Unions who shares her views on the importance of a robust compliance and risk management culture in the sector.

Given the number of loan books that have been sold to overseas financial services companies in recent years, the recent enactment of the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 in July is an important legislative landmark. Vicky Pigot of the ACOI's Arrears Working Group, looks at the Act and how it provides regulatory protection to consumers and SMEs whose loans are sold by a regulated entity to an unregulated entity.

Another piece of legislation, the Companies Act 2014, came into force in June of this year and the ACOI's Pensions Working Group examines the Act and explains what it means for pension trustees, particularly in relation to the Memorandum and Articles of Association and the new requirements for a constitution under the Act.

The issue of data protection is one which has also loomed large in the news in recent months and the Data

Protection Working Group looks at the 2014 Annual Report of the Data Protection Commissioner and highlights some key trends and issues identified by the Commissioner, Helen Dixon.

In addition, Finbarr Murphy, the ACOI's Director of Education and Professional Development looks at what's in store over the coming months for students of the ACOI's accredited compliance-related courses as well as advising them how to prepare for MCQ-based exams. A schedule of events up until December is included, some of which we hope you will consider attending.

A key date for your diary is our flagship event, the Annual Conference which will take place on November 12th. The theme for this year's conference is Compliance: Road to 2020, Meeting Regulatory Challenges over the Next Five Years. The conference will include speakers from the European Commission, Irish Government, Regulators, the Central Bank of Ireland and from industry.

Still on matters ACOI, many of our members may already know that the



ACOI recently appointed a new chief executive, Evelyn Cregan. In her first interview as CEO, Evelyn outlines her ambitions for the ACOI as its new CEO drawing from the considerable expertise she has amassed in the fields of education, finance and accountancy.

Finally, we have the Regulatory Tracker which is compiled by A&L Goodbody plus pictures from recent member events. As always, we hope you enjoy this issue and we would welcome any comments or suggestions you may have by contacting us at info@acoi.ie

Kathy Jacobs
ACOI Director



Fostering Compliance in Credit Unions

While the credit union sector has come through some difficult times in recent years, its future is a lot brighter. However, it should not be complacent and a lot of work still remains to be done according to Anne Marie McKiernan, the Registrar of Credit Unions at the Central Bank of Ireland.

With over 350 credit unions around the country and a combined membership of 3.3 million people, the credit union movement is without doubt an important fixture in most communities throughout Ireland. With combined assets in excess of €14 billion, it is also an important part of the financial ecosystem.

Like the wider financial services sector, however, the credit union sector has found itself at the centre of a tougher regulatory regime in recent years and by the end of December 2015, the remaining sections of the Credit Union and Co-operation with Overseas Regulators Act 2012 will take effect. Now the regulatory regime is more robust than it ever was and for good reason, according to Anne Marie McKiernan, the Registrar of Credit Unions at the Central Bank of Ireland.

"Our statutory remit is to protect members' funds and also to ensure the future financial stability of the credit union sector. These two objectives guide all the actions that we take. The regulatory environment that has evolved over the past few years

reflects the need to put the sector on a sound financial and operational footing that best meets these objectives," she says.

She points out that many of the enhanced regulatory requirements came about following the publication of the landmark Report of the Commission on Credit Unions in 2012, which called for a stronger regulatory regime and significant restructuring of the sector. The stronger regulatory regime was introduced in phases.

"Certainly the sector has faced a very significant number of problems and many important changes and improvements have taken place in recent years. But much remains to be done, particularly in terms of restructuring and in embedding many of the new regulations, including in relation to compliance and risk management," she says.

RESTRUCTURING

On restructuring, she says: "Our overall objective is to support restructuring, as identified by the Commission in its report, as a way of putting the credit union sector on a sounder footing. Restructuring has taken many different forms and obviously we would prefer

if it was voluntary and incentivised, as supported by ReBo, the Credit Union Restructuring Board. We work closely with them and indeed the wider credit union sector to try and achieve as much restructuring as possible.

"However, restructuring isn't an end in itself", she adds. "The whole aim of it is to put credit unions on a safer, sounder financial and operational basis, to enable them to deal with financial or other problems while at the same time building their business models so that they can offer the products and services that enable the credit union to stay relevant and strong into the future. Sometimes there will be cases where we may need to go beyond voluntary restructuring and into involuntary restructuring or resolution. We will take the action, if needed, to protect members' funds and ensure the financial stability of the sector generally. The pace of restructuring this year has accelerated and I welcome that credit unions have responded to the challenge and are adopting mainly voluntary restructuring, and therefore putting themselves in a better position to be able to provide the services that members need now and into the future."

Anne Marie McKiernan.



In response to questions about whether there is an optimum number of credit unions, she says that the Registrar of Credit Unions does not consider target numbers. "When the Commission on Credit Unions met and reported in 2012, it advocated for a major amount of restructuring but set no specific targets in relation to the number of credit unions or the way in which a new structure around credit unions should emerge.

"What is important is that credit unions should be able to operate in a financially sound way and meet our regulatory requirements, which are there to adequately protect the funds of savings members which are ultimately lent out to borrowing members. So our view in relation to restructuring is that we want to see as much restructuring as possible, so that the sector can be put on a much sounder footing.

"So there is no number. Instead there is a target in terms of the strength of the overall sector and that will involve ongoing restructuring if we are to achieve that aim. The emphasis on improved financial and operational strength should be used to develop robust business models."

FINANCIAL STABILITY

In the meantime, Anne Marie highlights that the overall financial stability of the credit union sector is a lot stronger than it was five years ago. "This is reflected in a less financially weak sector, fewer credit unions in immediate stress, better standards of governance, risk



Credit Union

management and compliance, and action on restructuring. It reflects the significant efforts by credit union boards, management and volunteers, over a number of years, to strengthen their governance, management and financial positions. These efforts, combined with other factors, contributed to avoiding worst case scenarios."

But, as one might expect from a regulator, she also urges caution. "Certainly we continue to have concerns about the viability of some credit unions. For some, there has been an increase in their dependency on investment income, particularly when lending volumes were falling. But investment returns in future years are most likely going to be well down on the past and, for some, investment income alone is not likely to be enough to sustain viability. So this raises a particular challenge for some credit unions. Many of them have already looked at that challenge, considered their strategy and their plan and have seen that merging with a stronger neighbouring or other credit union is the best response to that challenge. But there are others who do not necessarily see it that way."

While acknowledging the additional burden the regulatory environment

has placed on credit unions in terms of the levels of compliance and risk management procedures, she says that many credit unions have embraced the challenges by upskilling and putting in place proper procedures and mechanisms to address deficiencies, particularly in areas like compliance and risk management.

"The regulatory framework for credit unions has strengthened considerably in recent years and credit unions have embedded the framework to differing degrees. We still continue to find areas that need improvement. Last year, for example, we published our findings on PRISM engagements and they pointed out some fairly significant failings, so there is still a lot to be done. We would expect that, as credit unions go through more restructuring and are focused on their strategic planning, they will continue to work on improving their knowledge of, and compliance with, the requirements, which are designed to best protect members' funds," she says.

"We are keen to ensure that the requirements around risk and compliance are met by a willingness to build up a strong culture of good risk management and compliance."

MANAGEMENT BUY-IN

For people working in the compliance function in credit unions, the Registrar also stresses the importance of having support and buy-in from the board of management.

"The Compliance Officer has an important role in developing and

embedding a culture of compliance. It is crucial that the compliance officer should not only have the support of the board but also the independence and the ability to challenge the board and the management of the credit union. If credit unions are to build a culture of compliance that goes to the heart of everything they do, then the person responsible for compliance and risk management has to have this independence and support. Ultimately, of course, it is the responsibility of the board to ensure that all the regulatory requirements are met. So we would expect to see compliance officers who have the skill and the training to be able to challenge, question and develop and, when appropriate, be rewarded for identifying problems and solutions.

"We would also encourage credit unions to think about using the board's structure as a way to support the development of their compliance culture. Compliance is much broader than the appointment of a compliance officer and the completion of the annual compliance statement, although those are two important aspects of it. For example, the board can play an important role by inviting a compliance officer to give regular and focused feedback to them, to ask for their challenge and impartial advice, to keep their boards updated on regulatory developments and their record on compliance, and a commitment to acting on compliance incidents as they arise. The identification of incidents should be seen in a very positive light because it is an opportunity to learn and to improve and to put processes in place to make sure that they don't reoccur."

RESOURCES

How credit unions are resourced in terms of the appropriate number of staff working in areas like compliance and risk management is also important but according to the Registrar, a lot boils down to the type of person.

"The issue here for us is not the number of people in these roles in specific credit unions, but more the capability of the person who actually performs the role and, again, the culture of compliance that exists across the credit union. Whoever the people are, it is clear that they should be commensurate with the scale and complexity of the business of the credit union. So larger credit unions, or those that are providing more risky products or services, should obviously be devoting more to their risk and compliance management. We don't prescribe how it is resourced and whether one or several people perform the roles, but we are very keen to ensure that, in all cases, the culture of risk management and compliance permeates the organisation, and that everyone from boards, management and volunteers, contributes to this culture over time."

Anne Marie has direct experience in building up a risk culture – her previous roles in the Central Bank include setting up an integrated financial and non-financial risk management function. She initially joined the Central Bank as an economist and has worked on international and domestic



"We are keen to ensure that the requirements around risk and compliance are met by a willingness to build up a strong culture of good risk management and compliance."

economic policy, and her career in the organisation has also included stints on strategy development, structures reform and implementation of projects under the EU-IMF-ECB programme. She describes the Central Bank as "an excellent place to work, which has provided the opportunity for a varied career and to work on some of the most interesting economic, financial and regulatory issues facing Ireland in recent years."

INSPECTIONS

As well as supporting restructuring activity and developing the regulatory framework for credit unions, Anne Marie's team in the Registry is also engaged in carrying out onsite inspections across the sector, assessing performance against regulatory requirements. She describes the team as "extremely committed and professional, whose efforts are crucial in ensuring that the credit union sector stays relevant and healthy into the future. We are really fortunate to have such a motivated, highly skilled and experienced team, working in a stimulating environment and making a difference in the credit



union community and the wider financial sector”.

With credit unions set to submit annual compliance statements to the Registrar by the end of the year, she points out that “our requirements in relation to compliance and compliance statements only came into effect from 2013. Last year was the first year for reporting in this area and naturally we would expect that the culture of compliance would have continued to receive more focus and therefore improved since then. Credit unions have had time to think more deeply about their compliance approach and also the kind of incidents that were arising and how they could learn from them, while at the same time putting better policies and practices in place. So therefore we would expect, with that under their belt from last year’s process,

that this year they would be on a sounder footing in relation to their compliance. Incidents and reporting of incidents are an important part of building up a culture of compliance. I would acknowledge that the annual compliance statement is an important output, because it brings a focus to compliance in the organisation, but the compliance officer role and compliance statement are really part of a broader approach, which is build up an overall culture of compliance. So what we are looking for in the Annual Compliance Statement is the desire to comply with regulatory standards and to support that with the appropriate resources and with people who are fit and proper and are able to perform the necessary roles.”

THE FUTURE

So what does she see as the future for the credit union sector in Ireland?

“The credit union sector has come a considerable journey in recent years, reflecting a combination of strong efforts to implement the new regulatory requirements, appropriately conservative responses by most credit unions with regard to provisioning and dividends and, crucially, significant restructuring to make credit unions sounder both financially and operationally. Of course there is much more to do, to drive sustainable growth in lending while retaining the important voluntary ethos of the credit union movement, but the building blocks are there. And we at the Registry have an important challenge, to supervise and regulate the sector so that members’ funds are protected while also ensuring that it can survive and thrive in to the future.” A challenge she clearly relishes. **ICQ**

New Companies Act and Implications for Pension Trustees

The Companies Act 2014 came into effect on June 1st 2015 and brought about a major restructuring of Ireland's existing company law framework. The Act aims to consolidate, simplify and modernise company law in Ireland and introduces a number of significant reforms to the current regime. Ian Devlin of the ACOI Pensions Working Group examines the Act's implications for corporate pension trustees.

NEW COMPANY STRUCTURES

Perhaps the most significant feature of the Act from a corporate pension trustee perspective is the introduction of two separate forms of private company limited by shares which replace the current single form.

Corporate trustees will have to consider whether to convert to a new simplified form of private company limited by shares (LTD) or to a Designated Activity Company (DAC), which closely resembles the existing form of private limited company.

The major difference between the LTD and the DAC, under the Act, relates to their respective legal capacity. A DAC will have an objects clause setting out the activities for which the company has been formed and in which it may engage. In contrast, a LTD will have the same unlimited legal capacity as an individual with no objects clause and no restrictions on the lawful activities it is permitted to carry out.

DAC OR LTD?

The Act provides for an 18 month transition period running to November 30th 2016 during which company directors will have to decide whether to convert to a LTD or a DAC. During the 18 month transition period, all



existing private limited companies will be dealt with as though they are a DAC. If a company takes no action, it will automatically be deemed to have converted to a LTD at the expiry of the transition period.

The Act also differentiates between 'mandatory provisions' and 'optional provisions'. Any terms of a company's existing Memorandum and Articles of Association that are inconsistent with a 'mandatory provision' will be invalid and 'optional provisions' will now automatically apply unless they are dis-applied or unless the company's constitution provides otherwise.

The decision as to which structure to adopt will ultimately be one for the directors of each corporate trustee to make based on an analysis of which company type will best suit its functions.

A professional corporate trustee may prefer the freedom offered by a LTD company. If an employer has incorporated a corporate trustee to act solely as the trustee of its pension schemes, it may want to ensure that the scope of its activity is clearly defined in an objects clause and therefore might find the DAC structure more appropriate.

NEXT STEPS FOR CORPORATE TRUSTEES

The directors of corporate trustees should immediately consider the following steps:

- Review the new forms of private company and consider which structure would best suit the needs of their company;
- Review the company's current Memorandum and Articles of Association to identify any inconsistencies with mandatory or optional provisions of the Act;
- Determine the changes that will need to be made in preparing the company's new constitution;
- Present the new company constitution to the shareholders and pass the necessary resolutions required for conversion to the preferred company type; and
- Register the new constitution with the Companies Registration Office. **ICQ**

Protecting Consumers and SMEs

Vicky Pigot of the ACOI's Arrears Working Group provides an overview of the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 and what it means for consumers and SMEs.

BACKGROUND

The Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 (the Act) came into force on July 8th 2015 and is designed to ensure that consumers and small and medium enterprises (SMEs), whose loans are sold by a regulated entity to a currently unregulated entity, retain the same regulatory protections such as the Code of Conduct on Mortgage Arrears, the Code of Conduct for Business Lending to Small and Medium Enterprises, and the Consumer Protection Code (the "Codes") that they had prior to the sale of the loan.

The immediate impact of the Act is that existing exempt retail credit firms and credit servicing firms must apply to the Central Bank to become authorised as a Credit Servicing Firm before October 8th 2015.

The authorisation process for Credit Servicing Firms is currently the subject of a consultation paper that was published by the Central Bank in July 2015 and is expected to be finalised by the end of September 2015. The Act has transitional provisions that allow existing firms seek and obtain authorisation from the Central Bank while continuing to do

business but they must obey the Codes in the meantime.

Sales of loan portfolios on the Irish market saw in excess of €30bn in transactions in 2014, over €80bn in the last four years, and the outlook is for this trend to continue over the next three to four years as the work-out of loans progresses.

Although many purchasers of loan books had already agreed to voluntarily apply the Codes when managing loan books, voluntary compliance is not enforceable. The Act creates a new type of regulated entity called Credit Servicing Firms, and requires those entities dealing with consumers to be authorised by the Central Bank and subject to the Codes.

WHAT IS CREDIT SERVICING?

The Act defines credit servicing as managing or administering a credit agreement entered into by a creditor with a "relevant borrower" (consumers or small and medium enterprises that entered into a credit agreement with a regulated financial service provider), and includes the following activities:-

- Notifying the relevant borrower of changes in interest rates or in payments due under the credit

agreement or other matters of which the creditor requires the borrower to be notified;

- Taking any necessary steps for the purposes of collecting or recovering payments due under the credit agreement from the relevant borrower;
- Managing or administering a number of matters under or in relation to the credit agreement including repayments, charges, errors, complaints, information or records; restructuring; and assessing the relevant borrower's financial circumstances and ability to repay under the credit agreement; and
- Communicating with the relevant borrower in respect of the above matters.

Specifically the Act excludes a number of activities from the definition of Credit Servicing, providing that they are not conducted in a way that they would be a prescribed contravention if they were carried out by a regulated financial service provider. The activities include:

- Determining the overall strategy for the management and administration of a portfolio of credit agreements;
- Maintaining control over key



decisions related to such portfolios;
or

- Taking such steps to enable another person to undertake credit servicing or to enforce a credit agreement.

WHAT IS A CREDIT SERVICING FIRM?

A Credit Servicing Firm under the Act means a person (other than NAMA or a NAMA group entity) who:

- Undertakes credit servicing on behalf of an unregulated entity; or
- Holds the legal title to credit granted under a credit agreement in respect of which credit servicing is not being undertaken by a person authorised to carry out the business of a Credit Servicing Firm.

Existing regulated financial service providers authorised to lend in Ireland by the Central Bank or another EEA regulator on a passporting basis, are deemed to be authorised to carry out the business of a Credit Servicing Firm.

Regulated financial service providers which prior to the Act did not require authorisation as a Retail Credit Firm, being authorised for some other purpose, will now need to be authorised as a Retail Credit Firm before lending to a person.

TRANSITIONAL PROVISIONS

The submission of an application to the Central Bank by October 8th 2015 will deem existing exempt Retail Credit Firms and existing Credit Servicing Firms to be authorised and allow them to continue to provide services pending a decision being made on their application. Applicants will not be deemed authorised unless a fully completed application is submitted by October 8th 2015.

A finalised version of the application form for authorisation as a Credit Servicing Firm will only be available after the completion of the Central Bank's consultation exercise on the proposed Authorisation Requirements and Standards for Credit Servicing Firms (September 30th 2015).

In the interim applicants should submit to the Central Bank the application form and other required documentation listed on the Central Bank's website. Applicants will be required to submit a more detailed supplemental application form to the Central Bank following the finalisation of Authorisation Requirements and Standards for Credit Servicing Firms.

All firms deemed authorised by the Central Bank are required to comply with the requirements of financial services legislation, including without limitation the following:

- Consumer Protection Code 2012
- Code of Conduct on Mortgage Arrears 2013
- Code of Conduct for Business Lending to Small and Medium Enterprises 2012
- The Minimum Competency Code 2011
- Part V of the Central Bank Act 1997 (as amended)
- Fitness and Probity Regulations and Standards issued under Part 3 of the Central Bank Reform Act 2010

It is important therefore that any Credit Servicing Firm seeking to avail of the transitional arrangements takes immediate steps towards making any necessary changes to its systems, policies, procedures, documentation and providing any necessary staff training to ensure that it is in a position to comply with each of these regulatory requirements.

Finally, it is a criminal offence for an entity to carry on regulated financial services business in Ireland without the required authorisation. **ICQ**

ODPC Gets Tough

The Annual Report of the Data Protection always makes for interesting reading and the most recent one for 2014 highlighted that the number of data breaches actually increased during the year.

On June 23rd 2015 the Data Protection Commissioner of Ireland, Helen Dixon published the 2014 Annual Report, her first report since her appointment as Commissioner. In the foreword, Ms Dixon acknowledged the contribution to the development of data protection in Ireland of her predecessor, the former Commissioner, Mr Billy Hawkes during his nine years in office. She also indicated that the

Irish regulator would be keeping its central role in data protection regulation "helping to shape the data protection environment and ensuring compliance with the relevant laws."

The Office of the Data Protection Commissioner's (ODPC's) budget for 2015 has significantly increased from €1.8m



on Breaches

in 2014 to €3.65m. There was also a rapid growth in staff from 29 to 50, along with the establishment of a major office in Dublin to maintain proximity to decision makers in leading technology companies. The increases will also allow Commissioner Dixon to pursue the priority areas set out in the Report, including:

- Improving customer service, website and communications functions,
- Driving better data protection compliance by the Irish public sector; and
- Improving the ODPC's international cooperation, in particular with its Article 29 Working Party counterparts.

DATA BREACHES INCREASE

The ODPC received a record number of data breach notifications (2,264, up 681 on 2013) and a record number of queries via email (13,500 up 1,500 on 2013). In relation to breaches it was also noted an increasing trend in queries to the ODPC by individuals who had been notified of a disclosure of their personal data by a financial institution expressing concern that they are not informed who has received this information. The report highlights that to reveal who the recipient of the data was might constitute a further breach of the Acts however data controllers should be in a position to confirm that they have either obtained a return of the information or confirmation that it has been deleted or destroyed. Data controllers must also have adequate security procedures in place to verify the identity of individuals contacting them before allowing access to account data.

In addition to the breach reports, 960 complaints were received (up 50 on 2013). The vast majority of these complaints were resolved amicably while 27 required a formal decision by the ODPC. Some 18 of those decisions fully upheld the complaint.

ACCESS REQUESTS

As in previous years, the largest category of complaint related to subject access requests which accounted for almost 55% of all complaints received. Electronic direct marketing complaints made up the next largest category at just over 18% but this category actually recorded a decrease

of 28 complaints compared to 2013. The Report shows that following the so called "Google Spain" ruling concerning the 'right to be forgotten', a new category of complaint emerged in 2014 with the ODPC receiving 32 complaints about online search delisting against search engines.

In 2014 the ODPC participated, along with 25 enforcement authorities in other countries, in the second annual Global Privacy Enforcement Network Privacy Sweep. The theme of this year's sweep was Mobile Privacy. Overall, 1,211 apps, ranging from games and health/fitness apps to banking and news apps, were examined. Of these the ODPC examined 20 apps from a range of sectors. The most striking finding of the Sweep was that in 55% of the cases examined, the privacy information provided by the apps only partially explained the collection, use and disclosure of personal information. The ODPC stated its intention to use the issues highlighted in the Sweep to inform its programme of audits in future.

In relation to matters closer to home, the Report notes the activation of the remaining sections of the Data Protection Acts (DPAs) Employers and Employees came into force with effect from July 18th 2014. Of particular note to employers (and employees) is Section 4(13) of the DPAs which renders it unlawful for employers to compel employees or applicants for employment to make an access request under Section 4 of the DPAs, and/or supply the employer with the results. Employers who engage third parties such as recruitment agencies to do this on their behalf will also be committing an offence under the Acts. The Commissioner states that her "Office intends to vigorously pursue and prosecute any abuse detected in this area." The Report distinguishes between the formal Garda vetting procedure which has a legislative basis, and 'vetting by the back-door' whereby organisations that would otherwise not qualify for formal vetting instead attempt to use the Section 4 access request to An Garda Síochána. The Report noted the 'questionably high' number of such access requests to An Garda Síochána, and states that the ODPC will continue to monitor this area after the commencement of Section 4(13).

The ODPC conducted 38 audits and inspections during 2014

across a range of organisations and industry sectors but prioritised multinational technology companies and major public sector bodies.

ORDPC AUDITS

During audits conducted in 2013 in the credit union sector, the ODPC became concerned about the methods employed by certain private investigators hired by credit unions to establish the current addresses of credit union members who had defaulted on their loans. The ODPC's subsequent investigation found that certain private investigators had unlawfully accessed personal data on databases kept by a range of public and private bodies, including An Garda Síochána, the HSE, ESB and the Department of Social Protection. Several convictions followed from the ensuing prosecutions under Section 22 of the DPAs, for obtaining "access to personal data without the prior authority of the data controller by whom the data are kept, and disclosing the data to another person."

Two directors of two separate private investigation firms were also successfully prosecuted and fined under Section 29 of the DPAs for offences committed by their companies "with the consent or connivance" of the directors. These were the first prosecutions of individuals for their part in data protection offences committed by their company. The Report also emphasises the warning to directors and other officers of corporate bodies that legal action may be taken against them personally for criminal offences committed by their companies.

CODES OF PRACTICE

During 2014 the ODPC also approved two data protection Codes of Practice for the Probation Service and the Department of Health. These Codes will provide a clear framework for these organisations when processing personal data in accordance with the DPAs. It is expected that these Codes will help customers to understand how their personal data is used and what standards they should expect in this regard.

As in previous years, the Report included numerous case studies selected from the range of activities concluded by the ODPC in 2014 that highlight some key themes of



relevance to data controllers and data subjects. These are essential reading for anyone operating in the data protection arena. Key themes highlighted this year included:

- Data controllers to have adequate security and procedural protocols in place to avoid inappropriate disclosure of personal data. This disclosure could be as a result of criminal activity or inadvertent disclosure by staff. In additional technological protections should be reviewed to ensure they remain appropriate and keep pace with market developments. Finally data controllers should ensure that data is only disclosed in accordance with the purpose for which they have been obtained.
- Unsolicited direct marketing was again referenced and ODPC highlighted that it will act on complaints and, when necessary, seek prosecutions.
- Data collection should not seek to collect excessive amount of data to fulfil a current purpose or a potential future purpose.
- Subcontracting a service provision to a third party can result in that third party becoming a data controller in their own right and therefore required to respond to subject access requests directly.
- Data controllers should have adequate procedures to respond to subject access requests in a timely manner especially in the case of large organisations or requests related to recent data.
- In responding to data breaches, all impacted data subjects should be contacted not just those deemed to be in a higher risk category.

This article was written by the ACOI's Data Protection Working Group. ICQ



Compliance: Road to 2020

Meeting regulatory challenges
over the next 5 years

Thursday,
12th November 2015

Radisson Blu, Golden Lane,
Dublin 8

Fees

Members €150 **Non-Members** €250

Non Members please call 01 669 8507
to book your place.

Time

8:15am Registration & Networking

9:00am - 1:30pm Conference

1:30pm - 2:30pm Networking Lunch

CPD

Accreditation To Follow

SPEAKERS

John Berrigan Deputy Director General for Financial Stability, Financial Services and Capital Markets Union, European Commission

Simon Harris TD Minister of State at the Departments of Finance PER and Taoiseach with Special Responsibility for the OPW, Public procurement, and International Banking (Incl IFSC)

Gerry Cross Director of Policy & Risk, Central Bank of Ireland

Joe Beashel Partner, Regulatory Risk Management and Compliance, Financial Institutions, Matheson

Richard Pike Independent Non-Executive Director

Tony Delaney Assistant Commissioner Data Protection

www.acoi.ie

The Future is Bright

Evelyn Cregan, the recently appointed CEO of the ACOI, talks to ICQ about her new role and her ambitions for the Association.

It's been a busy year for the ACOI. With a new director of education and development and more recently a new CEO, the scene is now set for future growth.

Having joined the ACOI as CEO in July, Evelyn Cregan is the latest addition to the ACOI executive team and although she is still settling into the job, members can look forward to a renewed sense of purpose and ambition for the Association.

With a background in accountancy, finance and education, as well as some experience in voluntary work, she brings a wealth of experience and knowledge to the job although she is mindful of the challenges she may face down the line.

"It's an exciting time for both the ACOI and for myself," she says. "A lot of work has gone into building the Association. We now have a good solid membership base and we are seeing really strong attendance levels at our events which is great. Some of our lunch-time meetings, for example, can have anything between 80 to 120 people at them and they are generally booked out. So there is a lot of interest from our members in the work we do and the events we organise and I would like to build on this," she says. "It's also worth pointing out that while the executive of the ACOI is small, we

have in excess of 140 members who generously give up their time and their expertise to sit on our committees and working-groups for the benefit of our entire membership base. That's a fantastic resource to have in any organisation and we are grateful to have it in the ACOI. From my own point of view, there is a very strong foundation in place and I would like to continue to build on this by growing our membership base and continuing to providing support to our members throughout their professional careers."

With a B.Comm from UCD, Evelyn's first step on the career ladder was in the audit department of KPMG where she trained and qualified as an accountant. After eight years, the opportunity to go and work in Dublin's fledgling IFSC with NatWest Reinsurance arose and she initially took up the role of Head of Finance and Company secretary and later as its Managing Director.

"Back then the IFSC bore no resemblance to what it looks like now," she says.

"It was the early days of the IFSC and we were one of the first companies to locate there. There was just a Spar outlet, the Harbourmaster pub and I was based in IFSC House. Over time, it gradually grew and it was a fun place to work. In the late 1990s as more and more companies began to move there, it became a very busy place," she recalls.

After three years running NatWest Reinsurance, which was later subsumed into Royal Bank of Scotland, her interest in the academic side of the industry led her back to UCD where she spent 10 years lecturing on the B.Comm and other courses in the Quinn Business School as well as to post-graduates in the Smurfit Business School.

"I was always interested in the academic end of industry and the need for lifelong education. I already had done some lecturing in taxation and accounting, so when I got the call from Niamh Brennan in UCD, it was too good an opportunity to pass on. While I lectured in taxation and accounting, I also lectured on the Diploma in Corporate Governance course in the Smurfit Business School."

Evelyn has lectured from undergrad to executive level. After 10 years at UCD, the opportunity to join Dublin Business School as Head of School came up, a position she held for nearly two years before landing her new role as CEO of the ACOI.

So, armed with this solid academic and business experience, she is now looking forward to deploying this experience in her new role.

"I suppose it has given me a broad view of the business world having had to deal with people, managing

processes, businesses and different stakeholders. I also have some voluntary experience and that too has given me an insight into areas that might have nothing in common with taxation or finance. While she has more or less hit the ground running, there are a number of things she would like to prioritise over the coming months.

"One of the big things I would like to do is to promote compliance in the boardrooms of Ireland. While boards are conscious of compliance and the role it has to play within their companies, we'd like to inform boards more and help them build strong compliance teams by providing the necessary support and resources to them. Ultimately compliance sits with everyone who sits on the board and that board has to wholeheartedly support the compliance function and recognise how important it is and the contribution it makes in improving overall standards. That can only be good for the company itself. Good compliance practices actually add value to a business and that's a message that can get lost," she says.

"So we as an association hope to bring this message to companies and to actively engage with them and to see how we can help them. When I was in Dublin Business School, one of the things they were good at was getting out there and talking to businesses about their needs and educational requirements. Generally companies tend to know exactly what they want and I think if we are there to help them, we will have a greater edge."

As a member-driven association, however, she says the ACOI executive

will continue with a renewed focus on engagement across all its membership base.

"The Association has done a great job in building up a strong membership base and an excellent educational offering. Now we need to engage with our members and continue to improve our understanding of their specific needs and provide ongoing support to them. So I would like to get to know the membership base a lot better. The one thing that the compliance function has over other

functions is that it crosses a lot of different disciplines like accounting, legal, funds and credit unions- it's not one homogenous group. So we have to be able to deliver to each of those different audiences and to ensure that we remain relevant and useful to all of them," says Evelyn.

"I am also looking forward to working with Chair Melanie Blake, Vice Chair Clive Kelly and the board and in getting to know the membership of the Association in the year ahead," she concludes. **ICQ**



Evelyn Cregan.

Be Prepared

Finbarr Murphy, Director of Education and Professional Development with the ACOI, advises how to prepare for MCQ based exams.

Welcome to the Association's new annual year. As you may be aware, the ACOI membership year runs from August 1st to July 31st and this year the Association has ambitious plans to meet your needs. In addition to offering the only accredited compliance related qualifications in Ireland there is an active schedule of events planned, both CPD and CPE (Continuing Professional Education). A full list of the various programmes and events is available on our website www.acoi.ie.

As members of the ACOI you may be considering further study or know of someone that would like to study compliance. Registration for January 2016 exams in both the Professional Certificate and Professional Diploma in Compliance is open until September 30th. We will be seeking applications from October 2015 for the third intake on the Professional Certificates in Data Protection and Financial Crime Prevention, with lectures commencing in February 2016 with the exams being held in May 2016.

Demand always exceeds the number of places available on these programmes so I would recommend that interested parties apply as early as possible for admission/consideration to avoid disappointment. Students on the MSc in Compliance and MA in Ethics

(Corporate Responsibility) commenced their studies in September. Both programmes remain appealing to those in the compliance community who wish to advance to senior positions and/or specialise in the field.

A PRACTICAL APPROACH TO STUDYING FOR AN MCQ BASED EXAM

When a member studies for the Professional Certificate in Compliance they complete a two module programme. This also entitles them to progress to the Professional Diploma in Compliance by completing a further two modules. Both modules on the Professional Certificate in Compliance are assessed by an assessment strategy called Multiple Choice Questions, commonly referred to as MCQs. They are a useful means to examine the full syllabus. The rationale for choosing such an examination strategy is they are considered objective, reliable, fair, valid and replicable, all central tenets in the construction of any examination. Templates are used in the correction of the MCQ answer sheets, so take care in accurately completing the MCQ answer sheet.

PRIOR TO THE EXAM

First you need to be aware of the structure of MCQ questions and the structure of the exam paper. The structure of MCQ questions is as follows; **The stem:** this is the question or statement that the student needs to answer.

Options: there are four options. The "key" is the most correct answer and the other options are called "distractors". Certain distractors could be correct in a different context so read the stem carefully.

Students should note the structure of the exam paper. There are 100 questions in each examination, with four questions on each page. Contrary to how a person reads, from left to right the questions are presented as question two being beneath question one, you need to read downwards as illustrated below;

Q1	Q3
Q2	Q4

MCQ SCORING – BEING STRATEGIC

The pass mark is 40%, or 120 marks out of 300. MCQ Scoring is applied. A correct answer is positively weighed at +3, not responding or choosing option E is nil while an incorrect answer is -1.

Many students answer 50 questions correctly but take a view on the other 50. They would fail in this case as

Answered Correct

50 * 3 marks = 150 marks

Answered Incorrect

50 * -1 marks = -50 marks

Total Marks

100 marks FAIL (pass is 120)

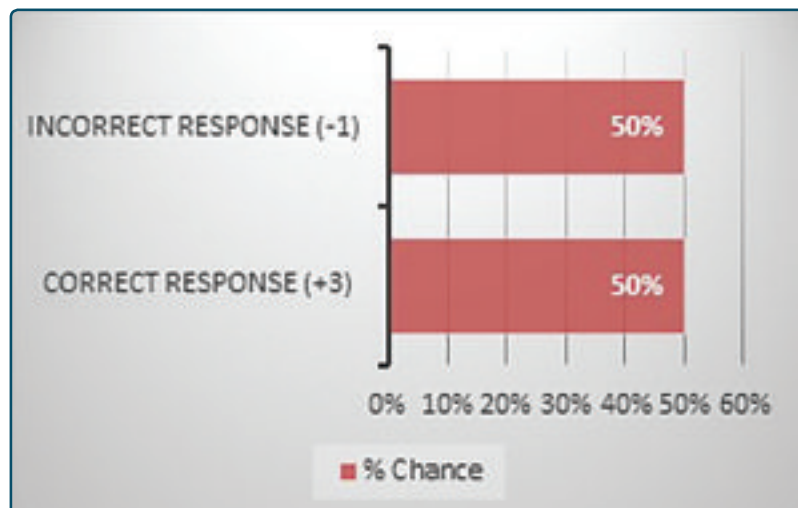
In this example the student would have been better not to have answered some questions. An approach I would recommend is if a student can discern two distractors are not correct, then by

discrediting those two distractors there are only two options left to choose from, the key (correct answer) and a valid distractor then it is worth taking a view as the outcome is skewed to a potentially more positive outcome.

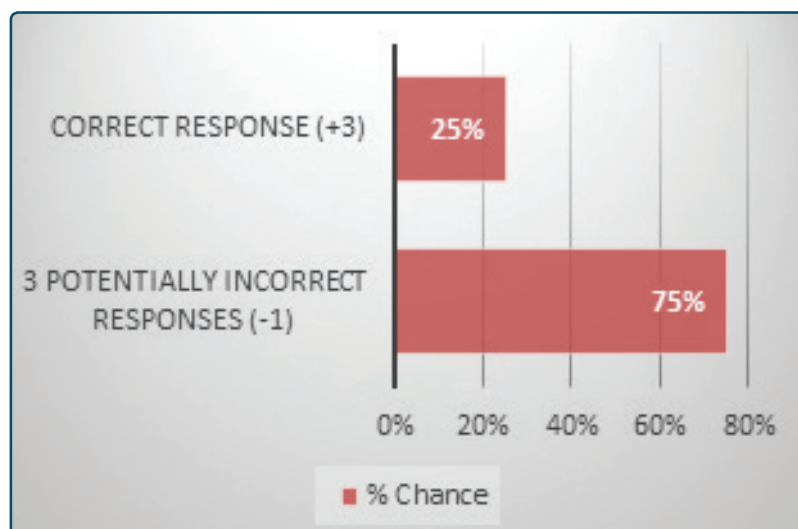
This raises an important consideration. A student needs to be strategic in their responses.

To illustrate this;

- Two distractors to choose from:
50% chance of +3 (correct response) as opposed to a 50% chance of -1 (incorrect response)



- The alternative is taking a view and the outcome is weighed against you in that regards;
75% chance of -1 (3 potentially incorrect responses) as opposed to a 25% chance of +3 (correct response).



TYPES OF QUESTIONS

There are three types of questions used in the exams. They address three different cognitive levels, "Knowledge" type questions refer to the recall of facts. "Understanding" type questions reflect comprehension of content, Interpretation of the facts is required. "Application" type questions build on the earlier two cognitive levels and

require a student to apply acquired knowledge to solve problems. These are more involved and typically take longer to answer.

The paper is structured that the majority of questions will be Knowledge-based, then Understanding and there are circa 10-15% Application based.

TIME MANAGEMENT

Each exam is two hours in duration. There are 100 questions. This only equates to one minute 12 seconds per question. That is the time to allocate to reading, comprehending and answering the question. Many students take much longer than this. They run out of time towards the end or they hate letting a question get the better of them. Remember no matter what time you spend on a question the only outcomes are +3 if you get it right, -1 if wrong.

BECOME A FOCUSED AND ANALYTICAL READER

The manual is the primary learning resource, Approach the reading in an analytical manner. Consider after you've read a paragraph how could this content be examined? What would the question look like? In the construction of MCQs when you see dates, amounts, bullet points, tables, these lend themselves to an MCQ being drafted because of the structure of MCQs, as discussed earlier.

CHAPTER WEIGHTINGS

Familiarise yourself with the content in the Learning Plans (LPs), especially the section on the weighting of exam questions per chapter. The number of questions accentuates their relative importance on the exam paper. Allocate study time in accordance with this rubric.

Update

PAST COHORTS

Past performance analysis of areas previous students found difficult in the exam is available to view via MyInstitute, the online portal that houses all webinars, online questions, LPs, correspondence etc.

REPLICATE THE EXAM SETTING

When taking past papers online prior to the exam try to replicate exam-like conditions as much as possible, have no manuals or study aids around, adhere to time, have no beverages, food or distractions around. Many people who adopt this practice have reported the marks received in this are closer to the grades they achieved in the actual exam.

DURING AND TOWARDS THE END OF THE EXAM

As you progress through the exam a question you previously left may be re-

considered as you become immersed in the topic. Have you ever, flipped through pages trying to identify where that question is. If you can-not find it anxiety levels rise. I think adopting a practice as follows can counter this.

You are allowed write on the exam paper but you are not allowed remove it from the exam hall. Write on the exam paper if it assists you. When you are happy with the question, place a tick beside it. Put an x beside questions you just do not know. A circle beside questions that you want to take a view on (remember above, calculated guess) or return to later. If you have time during or towards the end of the exam you are only searching for questions with the circle beside them.

Some of the examples give are a combination of research findings

in assessment and the practices adopted from successful students in the past providing feedback on the examinations process.

Best of luck to all ACOI members embarking on PDC 1 and/or 2.

Finally please remember to keep on top of your CPD. This can be achieved in a number of ways: by attending ACOI events, through the eCPD portal and those from the insurance industry can now receive LCOI accreditation hours by attending relevant III CPD events. The topic of CPD will be discussed in depth in the December edition of ICQ.

Please let me know if this or similar content would assist you in your examination preparation and any feedback you may have on the events the ACOI offer or should offer. **ICQ**

DATE	EVENT	VENUE	TIME	INDICATIVE CPD
06/10/2015	AML/CTF/FS Experts Talk	Citi Building	8:30 Registration 9:00 - 12:00 Workshop	3
07/10/2015	Building Blocks for Effective Compliance Workshop (5/6): Upstream Regulatory Risk & Reporting	Hilton Charlemont	8:30 Registration 9:00 - 12:00 Workshop	3
13/10/2015	Prudential Regulation and Governance Developing a Compliance Framework	Gibson Hotel	8:30 Registration 9:00 - 12:00 Workshop	3
03/11/2015	AML Capability Modelling	Hilton Charlemont	8:30 Registration 9:00 - 12:00 Workshop	3
05/11/2015	Data Protection Workshop	Hilton Charlemont	8:30 Registration 9:00 - 11:00 Workshop	2
12/11/2015	ACOI Annual Conference 2015	Radisson Blu	8:00 Registration 8:30 - 13:30 Conference 13:30 - 14:30 Networking Lunch	4
17/11/2015	Credit Union – Governance Workshop	Hilton Charlemont	8:30 Registration 9:00 - 12:00 Workshop	3
18/11/2015	Joint ACOI / IOB Breakfast Seminar on Financial Crime	Institute of Banking	7:30 Registration 8:00 - 9:00 Seminar	1
19/11/2015	Ethics Based Seminar	Chartered Accountants House	17:30 Registration 18:00 - 19:00 Seminar	1
25/11/2015	The impact of Digital Technology - Implications for the Compliance Professional	Chartered Accountants House	12:00 Registration 12:30 - 13:30 Seminar	TBC
02/12/2015	2015 ACOI Conferring Ceremony	Dublin City Venue	18:30 Registration 19:15 - 20:15 Graduation 20:15 Drinks Reception	1
02/12/2015	Joint ACOI / IOB Breakfast Seminar on Data Protection	Institute of Banking	7:30 Registration 8:00 - 9:00 Seminar	1
09/12/2015	Basic Steps of Compliance Breakfast Workshop (6/6) (Compliance Culture)	Hilton Charlemont	8:30 Registration 9:00 - 12:00 Workshop	3

ACOI Education and CPD Events



11th June 2015 – Funds – Client Assets and UCITS V. (l-r) Keith Rothwell and Conor O'Donnell, ACOI Funds Working Group, Conor Durkin, Mason Hayes Curran, Laura Wadding, Deloitte, Mary McCarthy, State Street, John Canny, Central Bank of Ireland.



Laura Wadding, Deloitte delivering her address on 11th June.



18th June 2015 – Building Blocks for Effective Compliance: Compliance Plan and Compliance Monitoring. (l-r) Marcus Doherty, BBH, Iarla Power, PWC, Olivia Poynton ACOI EPDS Committee.



Delegates attending the workshop on the 18th June 2015.



25th June 2015 – The Proposed Amalgamation of the Offices of the Financial Services Ombudsman and the Pensions Ombudsman 2015. (l-r) Brian MacDonald, ACOI Pensions Working Group, Paul Kenny, Pensions Ombudsman, Ger Deering, Financial Services Ombudsman, Brendan McWeeney, Chair ACOI Pensions Working Group.



15th July 2015 – New and Ongoing Challenges Facing the Financial Services Industry on the Road to MLD 4. (l-r) Evelyn Cregan, ACOI CEO, Sinead Ovenden, PWC, Jason Palmer, ACOI Director.



19th August 2015 – Building Blocks for Effective Compliance: Regulatory Relations (l-r) Rose Marie Kennedy, KBC Bank, Aine Kingston, Vice Chair – ACOI EPDS Committee, Keith Rothwell, State Street.



Delegates working through a case study on the day.

ACOI Networking Event, 10th September 2015

The ACOI Autumn Networking Event was held on Thursday, 10th September in the Spencer Hotel and the format for the evening was Speed Networking. Facilitated by Barbara Moynihan, "On Your Feet", was provided free of charge to all ACOI members to help focus their networking efforts and accelerate the process of making new contacts. The ACOI wishes to thank all those that attended for making it a great evening and look forward to seeing you at our next event.



Andrew Cummins, IPSI Irish Life.



Cormac O'Braonin, Brennan Insurances.



Yevgeniy Podkladnev, Eirgrid PLC.



Ellen Farrell, Rebo.



Delegates at work.



John Ahern and Sinéad Ovenden, PWC.



Kathy Jacobs, ACOI Director and Barbara Moynihan, On Your Feet.



Michael Prendergast, ODCE and Declan Kinsella, BOI.



Richard Crinion, State Street International.



**ON THE DOMESTIC FRONT:**

Central Bank publishes its Internal Rules as the Resolution Authority under the BRRD. Central Bank publishes regulations for credit unions. Central Bank updates the AIFMD and ICAV Q&A. Central Bank publishes the third issue of Credit Union News.

ON THE INTERNATIONAL FRONT:

EBA issues final Guidelines on passport notifications for mortgage credit intermediaries. ESMA confirms renewal of Greek HCMC short selling ban. ESMA recommends changes to EMIR framework. EBA to conduct further analysis on Net Stable Funding Requirements (NSFR) and Leveraged Ratio (LR). PRA confirms position on deferred tax for Solvency II. EIOPA publishes Solvency II taxonomy and data point model updates.

Banking

ON THE DOMESTIC FRONT:

Central Bank publishes its Internal Rules as the Resolution Authority under the BRRD.

ON THE INTERNATIONAL FRONT:

EBA publishes technical advice on protected arrangements in a resolution situation. EBA issues final Guidelines on passport notifications for mortgage credit intermediaries. FCA publishes feedback statement on its Consultation Paper, Strengthening accountability in banking: UK branches of foreign banks.

Domestic:

CENTRAL BANK PUBLISHES ITS INTERNAL RULES AS THE RESOLUTION AUTHORITY UNDER THE BRRD

Pursuant to the BRRD the Central Bank, as Ireland's Resolution Authority, has published its internal rules necessary to carry out this role. Several divisions of the Central Bank are involved in the carrying out of the functions of the Central Bank under the BRRD. The rules delineate the respective roles and responsibilities in relation to the BRRD and address professional secrecy and information exchanges between the various Central Bank divisions.

EU and International
EBA PUBLISHES TECHNICAL
ADVICE ON PROTECTED
ARRANGEMENTS IN A RESOLUTION
SITUATION

The European Banking Authority (EBA) has issued its Opinion under the BRRD on how to define what arrangements should be protected in a partial property transfer in resolution. The Opinion ensures full protection of well-established sources of refinancing such as secured debt, including securities lending and covered bonds, and of means of risk mitigation. The BRRD lists five general categories of arrangements which may be protected (security arrangements, title transfer collateral arrangements, set-off arrangements, netting arrangements, covered bonds and structured finance arrangements). As these categories are quite broad, the Commission is empowered to narrow their scope in its delegated acts which will now be informed by the EBA Opinion.

EBA ISSUES FINAL GUIDELINES
ON PASSPORT NOTIFICATIONS
FOR MORTGAGE CREDIT
INTERMEDIARIES

In support of the transposition of the Mortgage Credit Directive (MCD) the EBA published its final Guidelines to ensure that information about credit

intermediaries carrying out business in more than one Member State is exchanged consistently between national authorities. The Guidelines also include template notification forms for exercising the freedom to provide services and freedom of establishment under the MCD. The MCD is to be transposed into national law by March 2016.

OPINION OF THE EUROPEAN
ECONOMIC AND SOCIAL
COMMITTEE ON THE ROLE OF
COOPERATIVE AND SAVINGS
BANKS IN TERRITORIAL COHESION
— PROPOSALS FOR AN ADAPTED
FINANCIAL REGULATION
FRAMEWORK IS PUBLISHED

The EESC Opinion on the role of cooperative and savings banks in territorial cohesion adopted in February was published in the Official Journal on July 31. Among its recommendations and conclusions the Opinion considers that shareholder-value banks must be efficiently complemented by stakeholder-value banks, supports the Commission's effort to take the particular nature of cooperative and savings banks into account in the new financial regulation and recommends the use of objective parameters such as financial and economic performance to justify a specific regulation for each business model.

OPINION OF THE EUROPEAN
ECONOMIC AND SOCIAL
COMMITTEE ON THE COMMISSION
REPORT ON THE OPERATION OF
THE EUROPEAN SUPERVISORY
AUTHORITIES (ESAS) AND THE
EUROPEAN SYSTEM OF FINANCIAL
SUPERVISION (ESFS) AND THE
COMMISSION REPORT ON THE
MISSION AND ORGANISATION OF

THE EUROPEAN SYSTEMIC RISK BOARD (ESRB)

EESC Opinion adopted in February on the Commission reports regarding financial regulation and supervision was published in the Official Journal on July 31. Among its recommendations and conclusions the Opinion agrees on the need for corrective action to improve the operation of the European System of Financial Supervision, considers that the ESA's regulatory role should be reviewed and recommends implementation of forms of coordination between the ESRB, the ECB and the Single Supervisory Mechanism.

ESRB PUBLISHES A PAPER ON IDENTIFYING EARLY WARNING INDICATORS FOR REAL ESTATE-RELATED BANKING CRISES

As part of its Occasional Paper Series the European Systemic Risk Board (ESRB) published a paper presenting a formal statistical evaluation of

potential early warning indicators for real estate-related banking crises. The results of the paper provide an analytical underpinning for decision-making based on guided discretion with regard to the activation of macro-prudential instruments targeted to the real estate sector.

FCA PUBLISHES FEEDBACK STATEMENT ON ITS CONSULTATION PAPER, STRENGTHENING ACCOUNTABILITY IN BANKING: UK BRANCHES OF FOREIGN BANKS

Following on from its joint consultation with the PRA on a new regulatory framework for individuals working in UK branches of overseas banks (incoming branches) in March the FCA published a feedback statement providing near-final rules in anticipation of secondary legislation that will extend the statutory elements of the new individual accountability regime for banks to incoming branches. By publishing near-final rules ahead of

this legislation, the FCA aim to give firms as much time as possible to prepare for the changes. The final rules should be published later this year.

FCA ISSUES ITS POLICY STATEMENT ON THE CHANGES TO THE CONSUMER CREDIT SOURCEBOOK AS A RESULT OF THE IMPLEMENTATION OF THE MORTGAGE CREDIT DIRECTIVE (MCD)

Following a public consultation launched in February the FCA published a summary of the feedback it received in relation to its proposed changes to its Consumer Credit Sourcebook in order to implement the MCD. In general, respondents agreed with the proposed amendments and thus final rules are being published, the majority of which will come into effect on 21 March 2016. The FCA will publish the responses to the non-MCD changes consulted on later this year.



Insurance

ON THE INTERNATIONAL FRONT:

PRA confirms position on deferred tax for Solvency II. EIOPA publishes Solvency II taxonomy and data point model updates. Insurance Europe comments on IAIS conduct of business risk paper.

EU and International

FSB INFORMATION ON COMPENSATION PRACTICES WORKSHOP

On 3 August 2015, the Financial Stability Board (FSB) published information on a workshop held jointly with the International Association of Insurance Supervisors (IAIS) in May this year regarding compensation practices in the insurance sector. Key issues discussed at the workshop included (a) the relationship between compensation and risk taking/culture and (b) governance surrounding compensation. While insurance sector participants indicated that the FSB's Principles and Standards for Sound Compensation Practices are geared toward the banking sector, it was acknowledged that risk aligned compensation is not unusual and is an important feature in the insurance sector.

PRA CONFIRMS POSITION ON DEFERRED TAX FOR SOLVENCY II

On 30 July 2015, the Prudential Regulation Authority (PRA) in the UK announced that its approach in relation to deferred tax will remain the same as set out in supervisory statement SS2/14 (the most recent version of which was published in February 2015). In short, this means that deferred tax assets may be

recognised in the Solvency II balance sheet, subject to certain conditions.

PRA PUBLICATIONS REGARDING SOLVENCY II REPORTING ISSUES

On 10 August 2015, the Bank of England and the Prudential Regulation Authority (PRA) launched a consultation (CP25/15) on a draft supervisory statement on compliance with the Implementing Technical Standards (ITS) for both supervisory reporting and public disclosures. This confirms the PRA's intended approach (and expectations of firms) in areas such as reporting currency, exchange rates and reporting of external credit ratings. Comments are invited until 21 September 2015. On 17 August 2015, the PRA published final supervisory statements (SS36/15 and SS37/15) in relation to Solvency II reporting codes. Amongst other matters, life insurers must submit information using a defined list of life product reporting codes. Lists of internal model reporting codes and components have also been published (and these must be built into firms' internal models).

PRA FOCUSES ON INTRA-GROUP REINSURANCE UNDER SOLVENCY II

On 14 August 2015, the PRA published a statement on its Solvency II News webpage regarding intra-group reinsurance under Solvency II. This confirms the PRA's view that Solvency II requires that both entities' balance sheets are to be valued independently in such cases. Additionally, the PRA commented that (a) the ceding entity should not take credit for any matching adjustment available to the reinsurer and (b) in the context of group solvency calculations, any matching adjustment benefit received by the cedant on its retained risks would be preserved. However, the PRA also indicates that

certain adjustment could be made to reflect the value of the reinsurer's matching adjustment benefits (which would otherwise be lost).

DEVELOPMENTS REGARDING EIOPA'S INFRASTRUCTURE INVESTMENT RISK ADVICE

On 7 August 2015, Insurance Europe published its views on the European Insurance and Occupational Pensions Authority's (EIOPA) recent draft advice to the European Commission regarding identification and calibration of infrastructure investment risk categories. Notably, Insurance Europe suggests that the draft advice does not remove unnecessary barriers to investment. Specific issues raised include (a) the narrow nature of the proposed definition of 'infrastructure', and (b) that the capital charges exaggerate the risk posed by such investment making it uneconomical. Insurance Europe's response (and other responses) were published online by EIOPA on 18 August 2015. EIOPA is expected to submit its final advice to the Commission by the end of September 2015.

SOLVENCY II TAXONOMY AND DATA POINT MODEL UPDATES FROM EIOPA

On dates between 31 July 2015 and 24 August 2015 (inclusive), EIOPA published updated information on its standard data point model and XBRL taxonomy (to be used for the purpose of Solvency II reporting). Firms are advised to use the updated version to prepare IT systems for Solvency II. EIOPA also provides revised timelines for reporting and details on the validations with which all data submissions should comply with. On 7 August 2015, EIOPA also published its

monthly technical information on the symmetric adjustment of the equity capital charge for Solvency II.

FCA ACTION REGARDING BUSINESS PLAN 2014/15 PRESS BRIEFING

The Financial Conduct Authority (FCA) in the UK recently published the minutes of its June Board meeting.

This reflects its discussions on a proposed response to a Treasury Select Committee (TSC) report, which had criticised a FCA press briefing regarding launch of a thematic review on fair treatment of long-standing customers in the life insurance sector.

The minutes record that the Board of the FCA (a) agreed to external review of the Board every two years, (b) requested that the description of 'information classification system' in the FCA staff handbook be clarified, (c) agreed that the 'core principles of responsibilities' maps should apply to FCA senior managers and that it will publish the maps that should apply to FCA senior managers.

INSURANCE LEVY 2015/16 FACT SHEET FROM THE FRC

The Financial Reporting Council (FRC) in the UK recently published an Insurance Levy 2015/16 Fact Sheet. This explains the legislative basis of the current insurance levy collected by the FRC for the purpose of funding its responsibilities for actuarial standards and oversight. Noting that FRC costs are currently funded through non-statutory arrangements, the FRC confirms that it would seek to invoke existing statutory powers to impose mandatory levies, if needed.

PRA AND FCA UPDATES FOR (RE) INSURERS NOT CAPTURED BY SOLVENCY II

On 13 August 2015, the PRA



published a consultation paper (CP27/15) on the prudential regime to apply to (re)insurers which are not subject to Solvency II. The PRA indicates that its proposals do not constitute a substantive change for such firms (except for enhanced governance requirements proposed for firms with assets in excess of £25 million in respect of regulated activities). On 13 August 2015, the PRA and FCA also published consultation papers (PRA CP 26/15 and FCA CP15/25, respectively) on the Senior Insurance Managers Regime (SIMR) for (re)insurers meeting this threshold. This is intended to be similar to the regime which applies to Solvency II firms. Comments are invited until 12 October 2015 to all consultations mentioned. Final rules (PS21/15) have also been published relating to the SIMR for (re)insurers not within the scope of Solvency II but which have assets of less than £25 million.

PRA ISSUES CYBER-RESILIENCE QUESTIONNAIRE

On 12 August 2015, the PRA issued a cyber-resilience questionnaire to insurers. This process aims to assist

the PRA to understand firms' policies and capabilities in areas such as (a) cyber security and resilience capabilities, (b) cyber insurance and (c) conduct (relating to confidential consumer information). Completed questionnaires must be returned to the PRA by 16 October 2015.

EIOPA UPDATES DRAFT ITS

On 11 August 2015, EIOPA published updated draft Implementing Technical Standards (ITS) (the original drafts of which were published in July 2015) in respect of (a) establishing the templates for the submission of information to the supervisory authorities referred to in the Solvency II Directive and (b) the procedures, formats and templates of the solvency and financial condition report. These are available on EIOPA's website.

PRA STATEMENT ON UK GAAP & SOLVENCY II

On 28 August 2015, the PRA published a supervisory statement (SS38/15) on the consistency of UK generally accepted accounting principles (GAAP) with Solvency II. The PRA reminds firms that Solvency II permits them

to recognise and value assets and liabilities under UK GAAP if certain conditions are adhered to. Firms wishing to avail of this flexibility must provide evidence to the PRA in advance of doing so. To assist firms, the PRA has listed the UK GAAP treatments which, in its view, are compatible with Article 75 of Solvency II (i.e. one of the conditions mentioned above).

PRA CONSULTATION PAPER ON THIRD COUNTRY (RE)INSURANCE BRANCHES

On 28 August 2015, the PRA published its consultation paper (CP31/15) on UK branches of non-EEA (re)insurers under Solvency II. This paper consults on revisions to a paper published in March 2015 on Third Country Branches (SS10/15). Key revisions include (a) an expectation for such branches to comply with the relevant EIOPA Branch Guidelines and (b) details as to how the PRA expects such branches to report to the PRA.

INSURANCE EUROPE COMMENTS ON IAIS CONDUCT OF BUSINESS RISK PAPER

On 13 August 2015, Insurance Europe published its comments on the IAIS' Paper on Conduct of Business Risk. Whilst acknowledging that the risks identified by the IAIS is comprehensive, Insurance Europe stated (amongst other matters) that the paper gives little consideration to the measures that supervisors/insurers/intermediaries already apply to mitigate such risks.

FOS COMPLAINTS DATA – FALL IN PPI CASES IN THE UK

On 25 August 2015, the Financial Ombudsman Service (FOS) in the UK released its latest set of bi-annual

complaints data relating to banks, insurance firms and other financial businesses. Notably, for the insurance sector, although 55% of new cases related to payment protection insurance complaints, this marked a 10% decrease when compared to the previous six month period.

BOARD OF APPEAL OF THE ESAS DISMISSES ROMANIAN INSURER APPEAL

On 3 August 2015, the European Supervisory Authorities (ESAs) dismissed an appeal by a Romanian insurer against a decision by EIOPA in respect of a challenge by that insurer to the Italian insurance regulator. The Board of Appeal unanimously concluded that the appeal was inadmissible. Notably, the Board held that a letter addressed to the insurer by EIOPA could not be deemed to be a 'decision' for the purpose of the relevant appeal rules. This is because it was simply a re-confirmation of a prior decision taken by EIOPA (which had not itself been contested in time by the insurer under relevant appeal rules). Therefore, the Board had no jurisdiction to admit any appeal against it.

INSURANCE EUROPE PUBLISHES SURVEY RESULTS ON SOLVENCY II IMPLEMENTATION

On 24 August 2015, Insurance Europe published the results of its survey regarding the implementation of Solvency II. While this found that significant progress has been made, it also revealed that many insurers are concerned about pressures arising from last minute requirements imposed in the lead-up to the Solvency II implementation date. Key concerns include (a) late adoption of Quantitative Reporting Templates

by the European Commission and (b) additional implementation burdens faced by insurers as a result of national supervisors' individual requirements.

INSURANCE EUROPE RESPONDS TO HLA CONSULTATION

On 25 August 2015, Insurance Europe published its response to the IAIS consultation on higher loss absorbency (HLA) requirements for globally systematically important insurers (G-SIIs). Suggested improvements made by Insurance Europe to address concerns in this regard include (a) the need to focus on activities that give rise to systemic risk, (b) changes to the proposed calibration target so that it is relative to the level of systemically risky activities undertaken, (c) non-application of HLA to activities in other regulated areas (unless the activities would separately qualify for HLA under that sector's systemic regulation) and (d) review of the scoring methodology to properly reflect the systemic riskiness of an insurance entity.

PRA AND FCA POLICY STATEMENT ON APPROVED PERSONS REGIME FOR SOLVENCY II

On 13 August 2015, the PRA and FCA in the UK jointly published a policy statement (PS15/21) on the Approved Persons Regime (APR) for (re)insurers subject to Solvency II. This sets out the final rules for the reformed accountability framework for individuals working in such firms. It provides a timetable for firms regarding the implementation of the new APR and also discusses arrangements for the grandfathering of individuals currently approved under the existing regime.

On 18 August 2015, Insurance Europe and Finance Watch published their responses to the ESA discussion paper on packaged retail and insurance-based investments products (PRIIPs). Amongst other matters, Insurance Europe outlined its concern with respect to including the biometric risk premium in the cost section of the key information document. It also suggests using reduction in yield as a cost indicator (which it considers more suitable than the total cost ratio).

On 17 August 2015, Insurance Europe published a response to the European Commission consultation on review of the European Market Infrastructure Regulation (EMIR). Notably, in its response, Insurance Europe suggested possible solutions to the insufficient

possibilities for long-term investors (such as insurers) to transfer non-cash collateral with central counterparties (CCPs). These include (a) a permanent exemption from the central clearing obligation for insurance companies that use derivatives for hedging and (b) encouragement for CCPs to develop tailored solutions for insurance companies (allowing for non-cash collateral as variation margin). Insurance Europe also noted that it should be clarified that the EMIR does not apply to insurance products.

On 15 July 2015, the Romanian Financial Supervision Authority, the European Commission and EIOPA jointly published the results of an assessment of the Romanian insurance sector. Importantly, this identified (pursuant to a Balance Sheet Review and Stress Test) that the Romanian

insurance sector was not adequately capitalised. Certain (re)insurers perceived to be the main contributors to the shortfall have been requested to prepare and submit action plans setting out the measures they would take to become Solvency II compliant.

The IAIS recently published its August 2015 newsletter. Key points highlighted include that the Field Testing Working Group/Capital Development Working Group held meetings in Basel in July 2015 to discuss Higher Loss Absorbency and the Governance Working Group held meetings in Ljubljana on 27 and 28 August 2015 to discuss feedback from the recent consultations regarding Insurance Core Principles. It was also noted the IAIS recently held an Access to Insurance Initiative to share experiences between international insurance supervising authorities regarding the challenges of implementing risk-based supervisory frameworks.



The European Securities and Markets Authority (ESMA) renewed

the prohibition on emergency short selling in Greece. The ban took effect on 4 August 2015 and remains in place until 24:00:00 (CET) on 31 August 2015. It temporarily prohibits transactions in any financial instrument that creates, or increases, a net short position on any of the shares admitted to trading on the Athens Exchange and Multilateral Trading Facility. The renewal differs from the previous restrictions as it includes an exemption for market makers as the Greek financial markets are now open and market making activities are important providers of liquidity for the Greek shares, as well as for warrants, derivatives, index derivatives and ETF related to Greek shares.

ESMA OPENS A PUBLIC CONSULTATION ON ARTICLE 26 OF ITS RTS (153/2013) UNDER THE EUROPEAN MARKET INFRASTRUCTURE REGULATION

(EMIR) WHICH DEALS WITH CCPS' CLIENT ACCOUNTS

In particular, responses are sought from central counterparties (CCPs), their clearing members as well as the financial and non-financial counterparties accessing CCP services as clients of clearing members with the view to drafting a revised regulation if determined necessary. Responses are being accepted until 30 September, 2015.

ESMA RECOMMENDS CHANGES TO EMIR FRAMEWORK

The European Securities and Markets Authority (ESMA) published four reports focused on how the European Markets Infrastructure Regulation (EMIR) framework has been functioning and providing input and recommendations to the European Commission's EMIR Review. Three of the reports are required under Article 85 of EMIR, and cover non-financial counterparties (NFCs), pro-cyclicality

and the segregation and portability for central counterparty clearing houses (CCPs). The fourth report responds to the Commission's Review including recommendations on amending EMIR in relation to the clearing obligation, the recognition of third country CCPs and the supervision and enforcement procedures for trade repositories.

ESMA ADVISES COMMISSION ON IMPLEMENTATION OF CSD REGULATION

The European Securities and Markets Authority (ESMA) has delivered the Technical Advice on the level of penalties for settlement fails, and the substantial importance of a Central Securities Depository (CSD) for the functioning of the securities markets and the protection of the investors in a host Member State, as well as the related Impact Assessment. The technical advice will assist the Commission on the possible content of the delegated acts required by the CSDR.



ESMA PUBLISHES RESPONSES RECEIVED TO THE CALL FOR EVIDENCE ON THE IMPACT OF BEST PRACTICE PRINCIPLES

The European Securities and Markets Authority (ESMA) published the responses received to its call for evidence on the Impact of the Best Practice Principles for Providers of Shareholder Voting Research and Analysis. Responses came from a wide array of financial services providers including asset management firms, investment services firms, issuers and the insurance sector.

ESMA ANNOUNCES NEW CONSULTATIVE WORKING GROUP FOR THE INVESTMENT PROTECTION AND INTERMEDIARIES STANDING COMMITTEE

Following the call for interest for the renewal of the Consultative Working Group for the Investor Protection and Intermediaries Standing Committee, ESMA announced the composition of the new group. The Standing Committee is responsible for developing and providing technical advice to the European Commission, and for preparing technical standards, guidelines and recommendations relating to the provisions of the Markets in Financial Instruments Directive (MiFID) applicable to investment services and activities. This includes, for example, the authorisation of investment firms, conduct of business, organisational arrangements and passporting.

EBA LAUNCHES A PUBLIC CONSULTATION ON EXEMPTION OF NFCs FROM CVA RISK CHARGE

The EBA launched a public consultation on Regulatory Technical Standards (RTS) on the procedures for excluding transactions with non-financial

counterparties (NFCs) established in a third country from the own funds requirement for credit valuation adjustment risk. The proposed RTS align the treatment of NFCs established in a third country with the treatment of EU NFCs. As in some instances, it could be disproportionate to require NFCs established in a third country to compute the EMIR clearing threshold at the inception of each trade, the EBA is consulting on two options, the first one requires institutions to meet the requirements of these RTS at trade inception, while the second option introduces a quarterly frequency for institutions' due diligence requirements. The consultation runs until 5 November 2015 with a public hearing on 12 October 2015.

COMMISSION PASSES DELEGATED REGULATION ON CENTRAL CLEARING FOR INTEREST RATE DERIVATIVES

The European Commission adopted the first delegated regulation to implement the clearing obligation under the European Market Infrastructure Regulation (EMIR) that makes it mandatory for certain over-the-counter (OTC) interest rate derivative contracts to be cleared through central counterparties. It covers interest rate swaps denominated in euro, pounds sterling, Japanese yen or US dollars that have specific features, including the index used as a reference for the derivative, its maturity, and the notional type (i.e. the nominal or face amount that is used to calculate payments made on the derivative). The clearing obligations will enter into force subject to scrutiny by the European Parliament and Council of the EU and will be phased in over three years to allow additional time for smaller market participants to begin complying.

Funds

ON THE DOMESTIC FRONT:

Central Bank updates the AIFMD Q&A. The Central bank updates the ICAV Q&A.

ON THE INTERNATIONAL FRONT:

ESMA launches consultation on ELTIFs. European Commission reports on its exercise of powers under UCITS IV and AIFMD.

Domestic UPDATED AIFMD Q&A

The Central Bank issued an updated AIFMD Q&A (15th edition) with a new question ID 1096 which concerns Feeder AIFs and the meaning of "assets" for a QIAIF which raises capital from investors on a formally agreed commitment basis.

UPDATED ICAV Q&A

The Central Bank issued an updated ICAV Q&A with a new Q&A concerning the process for access to the ONR for submitting IQs for PCF holders in respect of an ICAV and a variety of Q&As concerning registration of charges.

EU and International ESMA LAUNCHES CONSULTATION ON ELTIFs

ESMA published a consultation paper on draft regulatory technical standards (RTS) under the Regulation on European Long-Term Investment Funds (ELTIF Regulation). In accordance with the ELTIF Regulation, ESMA is consulting on draft RTS to determine the criteria for establishing the following:

- Circumstances in which the use of financial derivative instruments solely serves hedging purposes;

- Circumstances in which the life of an ELTIF is considered sufficient in length;
- Criteria to be used for certain elements of the itemised schedule for the orderly disposal of the ELTIF assets;
- Costs disclosure;
- Facilities available to retail investors.

The deadline for responses to the consultation is 14 October 2015. Responses to the consultation paper will be taken into account by ESMA when it finalises the draft RTS, which it will submit to the European Commission for endorsement. Irish Funds is preparing a response and invites contributions from interested parties.

EUROPEAN COMMISSION REPORTS ON ITS EXERCISE OF POWERS UNDER UCITS IV AND AIFMD

The European Commission published a report on the exercise of delegation of powers to the Commission to adopt implementing measures pursuant to Article 112a of the UCITS IV Directive and a report on the exercise of delegation of powers to the Commission to adopt delegated acts pursuant to Article 56 of the AIFMD. In each of the reports, the Commission lists the Articles in UCITS IV and the AIFMD giving powers to the Commission and the specific legislative acts, and the provisions within those acts that were adopted using those powers.

Cross Sectoral

ON THE DOMESTIC FRONT:

Central Bank publishes regulations for credit unions. Voluntary redress scheme for AIB customers is being set up. Central Bank publishes the third issue of Credit Union News.

ON THE INTERNATIONAL FRONT:

EBA to conduct further analysis on Net Stable Funding Requirements (NSFR) and Leveraged Ratio (LR). HM Treasury launches Financial Advice Market Review. UK High Court awards permanent injunction and financial penalties for Market Abuse.

Domestic

CENTRAL BANK PUBLISHES REGULATIONS FOR CREDIT UNIONS AND A FEEDBACK STATEMENT ON CP 88

In November 2014 the Central Bank launched a consultation paper on draft regulations that it was proposing to introduce for credit unions when the remaining sections of the Credit Union and Co-operation with Overseas Regulators Act 2012 ("the 2012 Act") are commenced. On 31 July the Central Bank published its feedback statement to the Consultation and published the final regulations proposed to commence on 31 December, 2015. The regulations cover a number of areas including reserves, liquidity, lending, investments, savings and borrowings, and build upon existing prudential and governance requirements. Transitional provisions are included.



VOLUNTARY REDRESS SCHEME FOR AIB CUSTOMERS

As a result of a review of its card insurance policies AIB found that customers may have been provided with insufficient information when they purchased a credit card insurance product. AIB discovered that a Cardif Pinnacle card protection insurance product offered to customers in their AIB credit card application was not required, as customers were already covered for amounts greater than €75 under the terms and conditions of their credit card. The Central Bank has confirmed that it has been engaging with AIB regarding the establishment of a voluntary redress scheme for consumers who purchased card protection insurance from Pinnacle Insurance plc (Cardif Pinnacle) through AIB. Impacted customers will be contacted shortly by AIB, provided with an explanation of the issue and details of how to claim.

CENTRAL BANK PUBLISHES REGULATORY TRANSACTIONS SERVICE STANDARDS PERFORMANCE REPORT

The Central Bank has published a report based on the period from January to June 2015 setting out the Bank's performance against Service Standards that it has committed to in respect of (i) Authorisation of Funds, (ii) Authorisation of FSPs and (iii) processing of PCF "IQ" applications.

CENTRAL BANK PUBLISHES GUIDANCE NOTE ON COMPLETING AN APPLICATION FOR AUTHORISATION AS A MONEY TRANSMISSION BUSINESS

As the body responsible for authorisation of a Money Transmission Business, the Central Bank published a Guidance Note to help firms completing

the application for authorisation to the Central Bank. A final Guidance Note was also published in respect of the application for authorisation as a payment institution, a previous version having been published in July.

CENTRAL BANK PUBLISHES VALIDATION RULES AND REPORTING TEMPLATE AND NOTIFICATION FORMS FOR SPVS

A new template for Special Purpose Vehicle (SPV) quarterly reporting and notification forms for the change of a SPV reporting agent and the addition or removal from the SPV list are now available on the Central Bank website along with SPV business validation rules.

CENTRAL BANK PUBLISHES GUIDANCE ON PAYMENT STATISTICS RETURN

Payment Service Providers (PSP) and Payment System Operators (PSO) resident in Ireland have a reporting obligation to the Central Bank (effective since December 2014). This Guidance Note is designed to help reporting agents complete the Payments Statistics Return. The returns also satisfy credit institutions' reporting requirements as laid down in Regulation (EC) No 1409/2013 of the ECB of 28 November 2013 on payment statistics (ECB/2013/43). The primary aim of the return is to inform national and euro area policy-making.

CENTRAL BANK PUBLISHES THE THIRD ISSUE OF CREDIT UNION NEWS

The Newsletter includes several information updates, deadline reminders and event dates for credit unions as well as news items such as the review programme of lending restrictions for which submissions can be made until

30 September, 2015, the feedback statement on CP 88 and the Peer Review of Regulatory Functions in relation to Credit Unions for which the report is hoped to be published in September.

CENTRAL BANK PUBLISHES NOTES ON COMPILATION OF FINANCIAL VEHICLE CORPORATIONS RETURN

The Central Bank published notes on the compilation of the financial vehicle corporations (FVC) return. The document provides a helpful overview of the European FVC regime as well as help when completing the return.

MINISTER FOR JOBS, ENTERPRISE AND INNOVATION (MINISTER) IMPLEMENTS ALTERNATIVE DISPUTE RESOLUTION FOR CONSUMER DISPUTES DIRECTIVE

The Minister has passed the European Union (Alternative Dispute Resolution for Consumer Disputes) Regulations 2015 (the Regulations) giving effect to Directive 2013/11/EU (the Directive) on alternative dispute resolution (ADR) for consumer disputes. The Regulations apply to procedures for the out-of-court resolution of domestic and cross-border consumer disputes concerning contractual obligations stemming from sales or services contracts, both online and offline. The Regulations only apply to complaints submitted by a consumer against a trader.

The Regulations designate the Competition and Consumer Protection Commission as the competent authority in the State for the purposes of the Directive and the enforcement of the Regulations. The Regulations set out the requirements which a dispute resolution entity must fulfil to be recognised as a qualified ADR entity, and specifies the information which a trader must make available to a consumer.

EU and International EBA TO CONDUCT FURTHER ANALYSIS ON NSFR AND LR

Under the Capital Requirements Regulation (CRR) the EBA is required to elaborate calibration reports on Net Stable Funding Requirements (NSFR) and Leverage Ratio (LR). Following a request by the European Commission the EBA has announced that it will conduct further analysis to incorporate into its calibration reports on proportionality, the scope of application and the impact on markets of the calibration of NSFR and LR.

CPMI-IOSCO ISSUE CONSULTATIVE REPORT ON HARMONISATION OF THE UNIQUE TRANSACTION IDENTIFIER (UTI)

In line with their mandate to improve transparency, mitigate systemic risk and protect against market abuse, the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) have published a consultative report with the purpose of developing global guidance on the harmonisation of data elements reported to trade repositories (TRs) and importantly for the aggregation of data by authorities, including the Unique Transaction Identifiers (UTIs) and Unique Product Identifiers (UPIs). The report focuses on the harmonised global UTI. The final objective is to produce clear guidance as to UTI definition, format and usage. The report seeks general and specific comments and suggestions from responders by 30 September 2015, to be sent to both the CPMI secretariat and the IOSCO secretariat.

The CPMI and IOSCO will also be issuing consultative reports in the coming months on the harmonisation of a first batch of key OTC derivatives data

elements (other than UTIs and UPIs) and on the global UPIs and on other batches of key data elements other than UTIs and UPIs.

APPLICATION OF THE "PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURES" TO CENTRAL BANK FMIS

The CPMI and the IOSCO have issued a short note providing guidance on how the Principles for financial market infrastructures (PFMI) applies to financial market infrastructures that are owned and operated by central banks. It develops what is said in the PFMI itself and further clarifies the interaction between the PFMI and central bank policies.

US TREASURY DEPARTMENT EXTENDS COMMENT PERIOD ON MARKETPLACE LENDERS REQUEST FOR INFORMATION (RFI)

The Treasury Department extended the comment period to give the public more time to respond to the RFI on marketplace lending titled "Public Input on Expanding Access to Credit through Online Marketplace Lending." Treasury's RFI seeks information about the business models and product offerings of online marketplace lenders; the potential for online marketplace lending to expand access to credit to historically underserved market segments; and how the financial regulatory framework should evolve to support the industry's safe growth. The public will now have up until September 30, 2015 to provide comments.

FCA AND PRA NEW HANDBOOK AND RULEBOOK WEBSITES

On 29 August, 2015, the UK Financial Conduct Authority (FCA) is launching a new Handbook website to improve

accessibility for firms. On the same day the PRA will launch its own PRA rulebook. The PRA and FCA have been working together throughout the development of the websites to ensure minimal impact on firms.

FCA LAUNCHES PSR FEES CONSULTATION

FCA published a Consultation Paper (CP15/26) setting out how it will allocate PSR fees between payment systems based on equal allocation across regulated pan-UK payment systems (with the two regional cheque systems, C&C and NICC, counted as a single system for fee allocation purposes). The CP also launches a public consultation on calculating and collecting fees from participants in each regulated payment system, the FCA's preferred approach being 'indirect billing' – direct members of regulated payment systems will be liable for PSR fees, which will be collected on the FCA's behalf by payment system operators. The consultation is open until 17 September, 2015.

UK HIGH COURT AWARDS PERMANENT INJUNCTION AND FINANCIAL PENALTIES FOR MARKET ABUSE

The UK High Court awarded the Financial Conduct Authority (FCA) permanent injunctions and financial penalties against several foreign incorporated or resident defendants. It is the first time the FCA has successfully sought a permanent injunction for market abuse. The abuse was described as "sophisticated" and occurring across multiple trading platforms.

PRA LAUNCHES FOURTH PUBLIC CONSULTATION TO REDRAFT

CERTAIN MODULES OF ITS RULEBOOK

The Consultation Paper published by the PRA on which it seeks comments proposes to replace the rules on cross-sector groups, capital adequacy calculations for financial conglomerates, rules relevant to third country banking and investment groups, group risk systems and controls requirements and general provisions on reporting and compliance reports. The consultation closes on 13 November, 2015. At the beginning of the month, the PRA published its policy statement laying out final rules and supervisory statements following part three of its public consultation. The policy statement includes rules on passporting, regulatory reporting and reverse stress testing. Also included are expectations regarding aggregation of holdings for the purpose of the prudential assessment of controllers, the internal capital adequacy assessment process (ICAAP) and the supervisory review and evaluation process (SREP), guidelines for completing regulatory reports (entering into force on 1 January, 2016) and internal governance.

HM TREASURY LAUNCHES FINANCIAL ADVICE MARKET REVIEW

The review will examine how financial advice, considered in its broadest sense, could work better for consumers. Among other things the review will examine regulatory or other barriers firms may face in giving advice and how to overcome them; how to give firms the regulatory clarity and create the right environment for them to innovate and grow; the opportunities and challenges presented by new and emerging technologies to provide cost effective, efficient and user friendly advice services; and how to encourage a healthy demand side for financial advice, including addressing barriers which put consumers off seeking advice. The review will consult in autumn 2015 and report ahead of Budget 2016.

PRA LAUNCHES OCCASIONAL CONSULTATION PAPER (OCP)

The OCP proposes miscellaneous and minor amendments to the Prudential Regulation Authority (PRA) rules and supervisory statements.

The OCP proposes the deletion of the administrative fee for late regulatory reporting; amendments to Pillar II Reporting; amendments relating to Market Risk; amendments to Counterparty Credit Risk; amendments to the Certification Part of the PRA handbook and amendments to the Pre-Issuance Notification (PIN) Regime Applicable to CRR Firms and Insurers. The OCP is relevant to PRA-regulated firms with the particular relevance of each chapter detailed in the introduction to each chapter. Responses in relation to chapter 1 are requested by 14 September, 2015, while responses on all other chapters are requested by 14 November, 2015.

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