

ico

IRISH COMPLIANCE
QUARTERLY

Spring, 2015

Melanie Blake
ACOI Chairperson

Championing the *Compliance Sector*

REGULATION

*Dealing with
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FUNDS

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Irish Compliance Quarterly

WELCOME TO THE FIRST EDITION OF ICQ IN 2015.

A new year brings with it plenty of changes and, as many of our readers may know, the ACOI has a new Chairperson, Melanie Blake. No stranger to the ACOI – she was Vice Chairperson for the past two years – Melanie brings with her a considerable background in the Irish compliance industry and a deep-rooted enthusiasm for the job. Our cover story for this edition profiles Melanie, and, for those of you who don't know her, gives you an insight into her background and some of her thoughts and views of the ACOI and compliance generally.

Articles from our ACOI Working Groups include, the Funds Working Group delving into some recent regulatory changes, while the Arrears Working Group examines the Central Bank of Ireland's proposed changes to the Code of Conduct for Business Lending to Small and Medium Enterprises. Elsewhere, the Pensions Working Group provides us with an update on some of the recent developments relating to the pensions industry in Ireland. With another busy year ahead for the ACOI in terms of the events, seminars and professional development courses planned, the Professional Development Services Committee offers members a snapshot of what's in store for the first half of this year while the Association's recently appointed Director of Education and Professional Development, Finbarr Murphy, looks at this year's educational agenda. Finally, we have our regular Regulatory Tracker.

In addition, some individual contributions include a review of the likely impact of Privacy Assessment Impacts will have once the EU Data Protection Regulation is enacted in member states throughout the EU. In addition, with the Central Bank of Ireland stepping up the level of inspections and PRISM engagements, ICQ looks at what financial institutions need to know about their regulatory obligations.

Once again, I hope you enjoy this issue and, as always, we would be delighted to hear any feedback you may have by contacting us at publications@acoi.ie

Valerie Bowens

Chairperson, ACOI Publications Committee



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For more information on the ACOI visit www.acoi.ie

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ANNUAL DINNER SET FOR APRIL 16TH

The highlight of the ACOI's social calendar, the Annual ACOI Dinner, will take place on Thursday 16th April in the Conrad Hotel in Dublin. The MC for the night is comedian, impressionist and actor Mario Rosenstock.



The evening kicks off at 7.00pm with a drinks reception and the evening promises to be a great night of socialising, networking and entertainment. The dinner will build on the success of last year's event which garnered considerable praise from the membership of the ACOI. Some of the feedback included:

"I thoroughly enjoyed the evening. Thank you for organising such a lovely night."

"Great to see you last Friday – a great night, a late night as ever!!! And really well organised – from start to finish – venue, food, Neil Delamere, music and the bar arrangement – all together in the one spot too. . ."

"Best Annual Dinner yet!! Loved the venue."

We are looking forward to a fun-filled, relaxing and welcoming networking event, bringing together all members and industry partners of the Association. Tickets for the Annual Dinner are €85 per person. Spaces are limited and are booking up fast. To book a ticket visit www.acoi.ie, or alternatively phone the ACOI offices at 01 669 8507. Firms that wish to have a presence there on the night by advertising on the large screens, please email caroline.hollick@acoi.ie for further details.

NEW DIRECTOR OF EDUCATION AND PROFESSIONAL DEVELOPMENT JOINS ACOI

Finbarr Murphy has been appointed Director of Education and Professional Development with the ACOI. Finbarr joined the Association in January. Prior to joining the ACOI, he was a Senior Programme Manager with the Institute of Banking for 10 years. He also spent seven years working in the investment management sector, primarily as a private client portfolio manager as well as stints in sales and marketing.

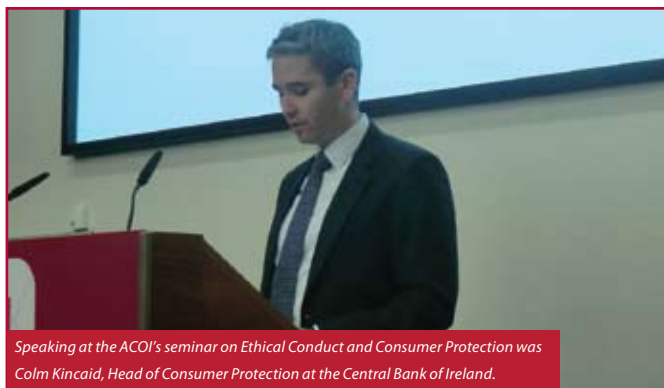
Finbarr has an MSc in Investment and Treasury from DCU, a BA Business from the University of Glamorgan, and a HDip from Trinity College Dublin. He is also nearing the completion on his Doctorate in Higher Education and Lifelong Learning from the University of Sheffield.

DATE	EVENT	VENUE	TIME
07/04/2015	Basic Steps of Compliance Breakfast Workshop (2/6) (Risk Assessment) <i>Natalie Courtney (Bridge Consulting) & Brian McGrath (Bank of Ireland)</i>	The Hilton Hotel, Charlemont	8:30 Registration 9:00-12:00 Workshop
16/04/2015	ACOI ANNUAL DINNER 2015 <i>Mario Rosenstock providing evening entertainment</i>	The Conrad Hotel	7:00 Pre Drinks Reception
23/04/2015	Developments in the law and regulation of payment services" <i>Patrick Collins & Norman FitzGerald (Eversheds)</i>	Chartered Accountants Hse	12.00 Registration 12.30-13.30 Seminar
29/04/2015	Are we there yet? – The Arrears Landscape 2015 <i>Prof Brian Kelly (PTSB); Helena Mitchell & Mary Elizabeth Donoghue (Central Bank)</i>	Chartered Accountants Hse	12.00 Registration 12.30-13.30 Seminar
07/05/2015	PConsumer Protection - Conduct Risk <i>Jonathan Herbst (Norton Rose Fulbright)</i>	Chartered Accountants Hse	12.00 Registration 12.30-13.30 Seminar
12/05/2015	MiFID 2 New Investor Protection Rules <i>Joe Beashel (Matheson)</i>	Chartered Accountants Hse	12.00 Registration 12.30-13.30 Seminar
20/05/2015	Ethical Frameworks Workshop <i>Ethics Committee</i>	The Hilton Hotel, Charlemont	8:30 Registration 9:00 - 11:00 Workshop
19/06/2015	Summer BBQ & Table Quiz	The Hilton Hotel, Charlemont	6:00 Start
11/06/2015	Funds – Client Assets and UCITS V <i>Funds Working Group</i>	Chartered Accountants House	8:30 Registration 9:00-11:00 Workshop
18/06/2015	Basic Steps of Compliance Breakfast Workshop (3/6) – (Compliance Plan and Compliance Monitoring) <i>PDS Committee</i>	The Hilton Hotel, Charlemont	8:30 Registration 9:00-12:00 Workshop

It was a busy start to the ACOI's calendar with a number of events taking place in the first three months of 2015 including a seminar on Ethical Conduct and Consumer Protection, a Prudential Regulation and Governance Seminar and the AGM of the ACOI.



Pictured at the Prudential Regulation and Governance Seminar were Seán Smith, John McElligott, Mairéad Devine and Jason Palmer.



Speaking at the ACOI's seminar on Ethical Conduct and Consumer Protection was Colm Kincaid, Head of Consumer Protection at the Central Bank of Ireland.



Alan McGilton, Chair of the ACOI's Ethics Committee and Colm Kincaid.



Delegates at the Update on AML, CFT and Financial Sanctions Event 14th January 2015.



Finbarr Murphy of the ACOI and Helen Chan. Positive Mental Health at Work: Building Strength for the Future Seminar 23th February 2015.



Jason Palmer and Clive Kelly. Speakers at our 1st Building Blocks Workshop 25th February 2015.



Orla Nugent and Kenneth Hughes. Speakers at our Project Management Seminar 2nd March 2015.



Panel of Speakers at the Update on AML, CFT and Financial Sanctions Event 14th January 2015.

Championing Irish Compliance Professionals

The new chairperson of the ACOI, Melanie Blake, talks to ICQ about her plans for the Association and how the compliance industry in Ireland could become a centre of excellence for the compliance industry worldwide.

It's been a busy few months for Melanie Blake. Apart from changing jobs in December, she has just taken on the role of chairperson of the ACOI and is in the process becoming the first woman to chair the organization in its 13-year old history.

Although still in her 30s, she has chalked up a considerable amount of experience in the Irish compliance industry over the course of her career.

"I began my professional career 14 years ago in a compliance and legal role with Friends First, having previously studied law and was unsure as to whether I wanted to pursue it as a career," she says.

"I found that I really enjoyed the compliance aspects of the role, they were a lot more challenging and stimulating and it was an interesting time for the insurance and pensions sectors.

"Friends First was a great place to work, particularly for somebody starting out in their career, with people who were really committed to

supporting and developing you. After Friends First I moved to ACC Bank as assistant compliance officer and then an opportunity arose to go and work in the funds industry with Invesco Global Asset Management and this was a sector that I really wanted to work in."

After nearly four years working in a senior compliance role with Invesco, opportunity knocked once again, this time to go and work with Walkers Global in January 2011.

"Walkers was setting up in Ireland in 2010, in the midst of the dark and dismal days of the recession. It was too good an opportunity to turn down and it was a chance that I thought I might never get again," says Melanie.

"At Walkers, I had the opportunity to work with some great people, make some life-long friends and it was invaluable in terms of the experience I gained" she adds.

After nearly four years with

Walkers Global and promotion to Global Risk and Compliance Director for the firm, the opportunity to join the US-owned HedgeServ, an independent, full-service fund administrator as Director of Compliance arose and Melanie joined the firm in December.

Apart from relishing the challenge of her new job, Melanie is already rolling her sleeves up for the challenge that lies ahead as chairperson of the ACOI for the next two years, having served on the board for the last four years.

Using the analogy of a house, she says some aspects of the ACOI, having

"Apart from being the chairperson, first and foremost I am a member of the ACOI as well, and so I try to stand back and think about what members might want from their Association".

celebrated its 10th anniversary, may be in need of a makeover. "We have a very solid house, with excellent foundations but the décor in the living room might be in need of a refresh and some of the other rooms could do with an upgrade too. But all in good time," she adds.

"Apart from being the chairperson, first and foremost I am a member of the ACOI as well, and so I try to stand back and think about what members might want from their Association. What are the areas that we are good at and what could we be doing better? I believe that we should focus our resources on the areas of greatest need which is an approach that compliance officers are very familiar with. Obviously education is a big part of everything we do and we pride ourselves on offering a full range of professional University-accredited courses. But I also think there's an awful lot more that we can do. I would like the ACOI to become the main organization people turn to for continuous professional development and education in compliance, ethics and related fields, whether they are just starting out in a career or it has been their career for a number of years. Essentially we should be seen as more than just somewhere to turn to for a certificate or diploma and that's it," she says.

"Of course I am also conscious of the fact that we have a small executive staff and although hard working its size does put some constraints on us. However, one also has to remember that a lot voluntary work goes on behind the scenes within the various working groups and committees of the ACOI. These working groups and committees are made up of individuals





who are generously giving their free time over to the ACOI and a lot of what we can deliver in the future will continue to be dependent on this voluntary effort. Although a volunteer myself, I am often taken aback with the level of support, time and commitment that these members give to the ACOI and consequently their fellow members," she says.

With 2,800 members from a wide range of disciplines and backgrounds within the compliance industry, the other great strength of the ACOI is its networking potential and this is something she would like to develop during her tenure as chairperson.

"We are very good at providing opportunities for people to network such as at training and education events and seminars and of course we have events like our forthcoming annual dinner.

to work a room, how to look around a room and see who is open for a conversation. The ability to network is an important skill in our industry yet it doesn't come naturally to everyone. While it is a soft skill, it is an important one," says Melanie.

"One of the other areas that we need to look at is how we attract people into the compliance industry. Obviously people do know about the profession but perhaps we need to look further afield to those still deciding what they might like to do in their future career or who would like a change of career. These individuals in particular can bring a whole host of very useful experience and skills to compliance functions. Compliance is now a dedicated profession but we need to get that message out beyond the industry and even beyond the universities, so that people actually know that the profession exists. Let's not forget, not everyone goes to university or has a degree but

"Although a volunteer myself, I am often taken aback with the level of support, time and commitment that these members give to the ACOI and consequently their fellow members."

However, I think we could be doing a lot more on the networking front besides giving people the opportunity to do so. Networking is invaluable but it is not that easy and that's certainly one area that I'd like to see us focusing on more this year, particularly teaching people how to network, how

that doesn't mean that they are not suitable people to work in compliance. Good compliance is about a lot more than applying laws and regulations and recent messages from the Central Bank of Ireland, from the UK and from Europe attest to that. So there's a lot for us to do in terms of getting the message out there."

There are other opportunities and avenues that are worth exploring says Melanie.

"We have also spoken before, within the ACOI, about positioning Ireland as a centre of excellence for governance, ethics and compliance. We should be seen as one of the countries that is leading the way, positioning our compliance professionals, and our industry, right up there, in terms of just how good they are, whether that's experience, education or otherwise," she says.

"This should be hugely positive for the country and the financial services industry but if we are to do this, we are going to need Government buy-in," she adds.

"We are also going to need other organisations to buy into it too, and we will need funding. We can't just rely on the ACOI and its members to fund an initiative that could have such valuable impact on the reputation and finances of the country and the industry. So with the industry working with the Government, I think it could happen."

In her time working in compliance, a lot has changed in the industry says Melanie. For a start off the ACOI hadn't been founded when she took her first job with Friends First.

"Over the last 14 years, I have seen wave upon wave of new legislation and regulation and there have been huge changes in each of the different sectors I have worked in. But after a while, you do get used to it and I think anybody working in compliance now understands that it's a very busy job and there is always a multitude of things that need to be done. I don't think you get to sit back at any point and say grand, my work is done. And I would suspect that most people working in compliance now could sit at their desks 24 hours a day 7 days a week. But then that's probably no different to a lot of jobs where, very often, more is expected of less. The ACOI is very conscious of this fact, that many of our members are time poor and others are not within easy reach of the Dublin city centre locations we generally use for our training and education events and seminars – we are looking at how we can best support these members," says Melanie.

The importance of the compliance function has also changed too, she adds.

"When I first started off and told people I was a compliance officer, I was usually greeted with a blank expression and most people didn't know what I was talking about. So you had to explain to them what it was and what you did. Now people know what a compliance officer is but perhaps not necessarily what a compliance officer does or is there to do.



"When I first started off and told people I was a compliance officer, I was usually greeted with a blank expression and most people didn't know what I was talking about."

"Unfortunately, I think there's still a perception about compliance and compliance officers. People often think that its very rules based or that compliance officers like to say no or that they are there to inhibit business and cause problems rather than recognising that compliance, and the need for it, has moved on. Unfortunately one of the reasons why there is so much more emphasis on compliance these days is that some people and organisations didn't behave and operate in the way that they should have done in the past. So the compliance function in its very broadest sense has become a very important and valuable one within companies and the industry as a whole and consequently the expectations of the ACOI."

"So in a nutshell over the next two years, I would like to see our Association improve how it supports and develops its members throughout their careers and if we can enhance the reputation of the compliance sector, at the same time, I will more than happy," she concludes. **ICQ**

Educating the Compliance Industry

An integral part of the work of the ACOI is the provision of a suite of professional educational programmes to its members. Finbarr Murphy, ACOI's Director of Education and Professional Development sets out the ACOI's stall and talks about developments to look out for in 2015.

PROFESSIONAL DIPLOMA IN COMPLIANCE

After the January 2015 exam sitting there will be over 1,000 LCOI designates. Registration is now closed for the May 2015 exam sitting. The closing date for September 2015 exams is 29th May. This benchmark qualification and the only university-accredited qualification in compliance remains extremely popular with students entering the compliance space, practitioners refreshing their knowledge and/or seeking a formal qualification in the discipline. The annual manual update process has commenced. Every three to five years UCD engage in programmatic reviews assessing all aspects of a programme they award. This thorough review assesses issues such as programme design, promotion, admission, content, assessment, stakeholder engagement etc. The ultimate goal is to have academically robust programmes with industry relevant content. I will update you as the process evolves.

MASTERS PROGRAMMES

Both the MA in Ethics (Corporate Responsibility) and

the MSc in Compliance have two cohorts running concurrently, in both first and second years. The first student intake will graduate in September 2015. They will be the first students to be invited to become Fellows of the Compliance Officers in Ireland (FCOI) designates. We are now seeking applications for the September 2015 intake on both programmes. Flexibility is an integral component of both programme designs, whereby exit awards are available to achieve the masters in an incremental manner. This is especially the case for the MA in Ethics (Corporate Responsibility). Students can exit the MA at different stages and receive an award. Those who successfully complete 60 of the 90 credits of the taught modules of the MA are awarded a Graduate Diploma in Ethics (Corporate Responsibility) upon exit. A Graduate Certificate in Ethics (Corporate Responsibility) is awarded after successfully completing 30 credits of taught modules. Students of the Certificate and Diploma can resume their studies to complete the MA when it suits them.



MA IN ETHICS (CORPORATE RESPONSIBILITY)

Regulatory developments in Conduct Risk and the need to appropriately articulate your organisation's risk appetite and tolerance under a risk-based supervisory regime have many common ingredients, one of which is instilling ethical considerations in the risk and compliance framework. Those seeking a leadership or senior management positions in compliance and ethics should consider pursuing this MA. Content on the MA emphasises ethical awareness, critical reasoning skills, and core principles of ethical behaviour in order to provide students with the tools to address and resolve complex, critical and, at times, conflicting interests and opportunities. Students will assess the role of ethics in relation to corporate social responsibility, managerial decision-making, executive leadership, and corporate governance through diverse perspectives.

MSc IN COMPLIANCE

The MSc was developed in response to a call from our Licentiatees who wanted to undertake further study. It is designed to give compliance and other control professionals the skills they need to implement effective compliance structures, and enhance the overall internal governance structures of organisations. This programme will provide candidates with the multi-disciplinary skills to participate more effectively in compliance management, and to understand a practical application of compliance best practice. It is ideal for candidates who have significant middle or senior management experience in a control function (compliance, risk, audit) within a financial services organisation and will be of particular interest to compliance managers.

PROFESSIONAL CERTIFICATE IN DATA PROTECTION AND PROFESSIONAL CERTIFICATE IN FINANCIAL CRIME PREVENTION

The second intake for these two stand-alone qualifications and exit awards of the MSc in Compliance in 2015 saw that demand exceeded the number of places available. This highlights the topicality of the content, the need for suitability qualified people with such skills and knowledge and how well the programmes were received by the "pioneers" of the first intake. We will be seeking applications from October 2015 for the third intake which will commence in February 2016. I would recommend that interested parties should apply as early as possible for admission consideration to avoid disappointment.

I have met with the ACOI education partners, the Institute of Banking, LIA, III, Mater Dei Institute / DCU and have received assurances of their ongoing commitment to enhance our joint programme offering.

PROFESSIONAL DEVELOPMENT

In 2014 the Association offered 27 events to its members, ranging in format from seminars, workshops, debate style and networking events at which 35 CPD hours could be accrued. An even busier calendar of events will be offered in 2015.

What's new in 2015? As the Association offer more designations such as the Certified Data Protection Officer (CDPO), Certified Financial Crime Prevention Practitioner (CFCPP) and Fellow of the Compliance Officers in Ireland (FCOI), more CPD events will be themed in the subject matter areas to ensure compliance with these designations.

Also certain events will not accrue CPD hours. This should be considered as a positive step whereby content relates to enhancing competency in essential compliance practitioners' skills, for example the project management event held on March 2nd.

The ACOI has ambitious plans for the future. All Directors, Committee Members and Working Group members contribute on a voluntary basis. The ACOI has a small executive managing the day-to-day running of the Association. We all have the same objective to advance the standing of the compliance profession in financial services. This is achieved by providing members with accredited education programmes which are fit for purpose, updates on issues to keep your knowledge and skills current through events and publications, liaising with regulators with constructive input where necessary and hosting networking events whereby the compliance community can discuss developments in the field. It is in all our interests to ensure a vibrant compliance community that's committed to exploring, challenging and testing ways that realises the potential of members.

To this end, I look forward to meeting as many of you throughout the year at our various events. I can be contacted at any time to discuss any constructive feedback you may have about the ACOI's education offerings or events. **ICQ**



Protecting the SME Sector

With bank lending to the SME sector set to increase, the Central Bank of Ireland (CBI) is looking at ways of protecting business customers and ensuring that they receive the appropriate levels of information from lenders.

The Code of Conduct for Business Lending to Small and Medium Enterprises is currently being

reviewed by the Central Bank of Ireland (CBI) with the intention of updating it later this year. On the 11th January 2015 it set out a Consultation Paper (CP91) which sets out the text of the proposed new Code which provides for additional obligations on lenders when dealing with SMEs seeking to access credit or when in arrears or financial difficulties.

So what changes are proposed in the consultation paper, and how do they impact SMEs and the institutions from whom they borrow?

The existing Code was issued in 2009 and which was updated in 2012 to include provisions on the treatment of customers in financial difficulty, by providing a framework for how lenders deal with SMEs and smaller enterprises (a subset of SMEs).

In the consultation paper the CBI has drawn attention to certain specific proposed changes and additional enhanced protections which will apply

to all SMEs. Some of the key changes that are being proposed include:

- expansion of scope of applicable products including business credit cards;
- inclusion of lending by credit unions to SMEs;
- provision of more detailed information on the application process and associated timelines;
- requirement for lender assessment of borrowers affordability;
- provision of reasons in writing for declining credit applications that are specific to that borrower;
- introduction of the concept of 'not-co-operating';
- provision of increased information to borrowers about lenders' policies for dealing with financial difficulties, including the implications for borrowers that are not co-operating;
- provision of detailed information to borrowers in financial difficulties about an offer of an alternative arrangement;
- expansion of the appeals rules to include decisions on declining or withdrawing credit, and decisions regarding terms and conditions; and
- provision of information to the

borrower about Government supports available, the lenders appeals and complaints process, and the role of the Credit Review Office and the Financial Services Ombudsman (FSO).

The increased focus on consumer protection and on providing customers with information tailored to their specific circumstances are the key themes of the consultation paper.

The consultation paper should be viewed in light of the CBI's stated intention in its strategic plan for 2013-2015 to strengthen the Code's consumer protection elements. The paper is also informed by the themed review of Credit Declines and Appeals which took place during 2014. As a result of this review the CBI requires lenders to ensure credit declines are adequately explained to customers, and that records of declines communicated verbally are maintained.

The CBI states in the consultation paper that the purpose of many of the proposed changes is to enhance the existing provisions to be more supportive of borrowers and "require



lenders to be more interactive.” Elements of existing Codes such as the CPC and the CCMA have been incorporated in the new Code. Examples of these provisions include standing appeals boards to hear appeals from customers, the introduction of the concept of non-cooperating, and extensive pre-and post-contractual information banks will need to provide to their customers.

In the case of appeals, the requirements of the proposed Code cover appeals of declined applications and withdrawals/reductions in credit facilities as well as revised payment arrangements.

Another key change being proposed, is the introduction of a range of prescriptive timelines and the requirement to produce information

tailored to the customer’s individual circumstances. Examples include new timelines for arrears communications and the requirement for the lender to agree a communication plan with borrowers in financial difficulties.

The proposed amendments reflect feedback from SME representatives, Government bodies and agencies as well as lenders and representative bodies who were consulted by the CBI in the lead up to the issuance of CP91. In balancing the feedback of all interested parties the CBI proposes the introduction of more detailed and prescriptive requirements in the new Code in order to offer customers more protection and ensure more detailed information is provided to them.

The closing date for submissions to the CBI is 13th April 2015. The date of issue and the final implementation date of

the revised Code is not yet known, although it is expected that the final Code will be published sometime late in 2015.

This article was written by the ACOI’s Arrears Working Group 

“The purpose of many of the proposed changes is to enhance the existing provisions to be more supportive of borrowers.”

Focusing on Systems and Controls

With the Central Bank of Ireland (CBI) stepping up the number of inspections and PRISM engagements, financial institutions need to ensure that they have implemented an effective and robust compliance environment and framework.

As expected, there has been a marked increase in the level of regulation, regulatory supervision and regulatory sanctions in the wake of the 2008 financial crisis. Between 2008 and 2012 €1.5 trillion in State aid was introduced throughout Europe to prevent another financial crisis occurring. Regulatory enhancement is cyclical and, following a financial crisis, history dictates a call for a strengthening of regulatory supervision and intervention. To address these calls and to enhance financial stability, the European Union coordinated with its international counterparts in the G20 and developed a regulatory reform agenda which included over 40 proposals to be introduced over a five year period.

The objectives of this reform agenda included: the enhancement of financial stability and resilience of the financial system; the restoration of the EU single market; protection of investors and consumers; and improved efficiency and minimisation of transaction and financial services costs.

In Ireland, the Taoiseach launched the 'Strategy for the International Financial

Services Industry in Ireland 2011-2016' which included the high level goal of the 'Proper and Effective Regulation of Financial Institutions and Markets'. To achieve this goal, the report set out a number of strategies for the Central Bank of Ireland (CBI) to undertake which mostly reflected the G20 reform agenda. Financial institutions must also be conscious of upstream regulatory risk and impending legislative developments awaiting transposition or entry into force.

Such an enhanced focus on regulation and supervision inevitably leads to an increase in regulatory sanctions, both in terms of frequency and amount. In 2010, the CBI imposed eight fines on financial institutions totalling

€2,248,700 whereas in 2013, 16 fines were imposed totalling €6,350,000. A leading contributory factor to these sanctions are ineffective and deficient systems and controls environments. The table below sets out a summary of sanctions since 2010 and highlights the percentage of these imposed due to ineffective and deficient systems and controls.

Similarly in the UK, sanctions have frequently been issued for ineffective and deficient systems and controls environments. Since 2010, the average amount of regulatory sanction activity has increased as set out below. The following table illustrates this in summary form.

A recurring theme in this regard is

Year	2010	2011	2012	2013	2014
Total Sanctions	8	10	16	16	6
Total Fines	€2,248,700	€5,050,000	€8,492,900	€6,350,000	€1,815,000
Average Fine	€281,086	€505,000	€530,806	€396,875	€302,500
Systems and Controls Failures	2 (25%)	6 (60%)	7 (43.75%)	4 (25%)	6 (100%)

Year	2010 (FSA)	2011 (FSA)	2012 (FSA)	2013 (FCA)	2014 (FCA)
Total Sanctions	29	25	27	26	18
Total Fines	£79,490,600	£56,261,528	£303,929,973	£469,150,000	£305,312,300
Average Fine	£2,741,055	£2,250,461	£11,256,666	£18,044,231	£16,961,794
Systems and Controls Failures	17 (58.62%)	9 (36%)	18 (66.66%)	16 (61.54%)	8 (44.44%)

the substantial proportion of fines for or with reference to ineffective and deficient systems and controls. In five of the six sanctions issued by the CBI in 2014, the Director of Enforcement in the CBI, Derville Rowland, has highlighted the importance of effective systems and controls frameworks, most notably stating in one sanction:

"The CBI views the existence and proper functioning of a firm's policies, procedures, systems and controls as being fundamental to ensuring its compliance with its regulatory requirements. The existence of inadequate policies, procedures, systems and controls is an unacceptable risk to the CBI as it can be the basis for, and potentially leads to, large scale non-compliance with regulatory requirements."

There continues to be a sustained increase in PRISM (Probability Risk and Impact System) engagements by the CBI across all sectors rising from 2,198 engagements in 2012 (including pre-PRISM engagements) to 3,925 in 2013, highlighting a clear indication that the CBI is interacting with and scrutinising regulated financial institutions more frequently.

Regulated financial institutions should also be aware of the CBI's Programme of Themed Reviews. The CBI annually publishes a list of Reviews that it intends to carry out. The principle behind the Reviews is that they "allow the CBI to monitor compliance with the relevant rules and requirements" set by the CBI. In anticipation of these Reviews, regulated financial institutions must have procedures in place documenting compliance and ensuring that the entity's obligations



are documented to mitigate the risk of a CBI sanction, particularly in areas highlighted under the Reviews.

The CBI also publishes annually its "Enforcement Priorities" which document its targeted areas for enforcement action. In 2014, the CBI set out 15 Priorities specific to certain sectors, including two applicable to all sectors – prudential requirements, and systems and controls.

In October 2014, the CBI announced details of its new Financial Enquiry Panel (FEP), which comprises a panel of 13 domestic and international legal and banking experts with the task of investigating potential breaches of banking rules by credit institutions and personnel. Included in the FEP is Fiona Muldoon, former CBI Director of Credit Institutions and Insurance Supervision. In line with the CBI (Supervision and Enforcement) Act

2013, the FEP has the power to fine up to €10 million or 10% of an entity's turnover. It can also ban and fine individuals up to €1 million, provided it does not bankrupt them.

The key observation to be made from this increased supervisory and regulatory activity is that regulated financial institutions need to be aware of the legal regulatory obligations applicable to their business and the need to have effective and robust systems and controls in place to monitor, record and stress test these obligations. Preparation and evidencing testing results is fundamental to documenting systems and controls. Where deficiencies are found, these need to be remedied and, in some instances, legal advice will need to be sought.

FITNESS AND PROBITY

In addition to the regulatory focus on financial institutions, the CBI's Fitness

and Probity standards, enforceable under the CBI Reform Act 2010, highlight that the legal regulatory obligations extend further than just the regulated financial institution as a legal person, but to those persons in particular positions. Under the F&P standards, a person elected to a 'pre-approval controlled function' or a 'controlled is required to be 'competent and capable' which compels the person to demonstrate that he or she:

"has a sound knowledge of the business of the regulated financial service provider as a whole, and the specific responsibilities that are to be undertaken in the relevant function;" and "has a clear and comprehensive understanding of the regulatory and legal environment appropriate to the relevant function".

The message from the CBI is clear; those who hold a PCF or CF position must understand and be aware of their regulatory obligations, and must be able to demonstrate their compliance with their obligations, much like regulated financial institutions. Failure to do so may lead to the CBI determining the individual to be unfit for their respective control function.

AWARENESS

Recent sanctions imposed by both the CBI and the FCA in the UK have highlighted that regulated financial institutions are required not only to be aware of their obligations, but also to actively test and demonstrate compliance with these obligations. A number of regulated financial institutions have received warnings and sanctions for not applying regulatory measures set out in legislation after identifying the need to apply them. These institutions

should regularly test their compliance framework to ensure that the controls in place are effective, operational and accurate. Stringent risk-based tests should be carried out on a continuous basis evidencing compliance with legal regulatory obligations.

Responsibility for compliance with legal regulatory obligations rests with senior management, and a disconnect between management and the compliance function will be detrimental: this will reflect badly on the firm's ability to demonstrate a proper compliance system. Information presented to senior management must be useful, accurate and of sufficient quality in terms of how the regulated financial institution is discharging its responsibilities. Senior management should establish and assess a positive compliance culture and evidence that culture in action.

The CBI is conducting an increased number of inspections and PRISM engagements. The cost set aside by regulated financial institutions to manage compliance risk is increasing

in line with the rise in regulatory sanctions and the associated fines imposed. The CBI is concentrating on preventing regulatory breaches before they occur by scrutinising regulated financial institutions' systems and controls environments.

The most important step a regulated financial institution can take in mitigating risk is to ensure the implementation of an effective and robust compliance environment and framework. This framework must be tested regularly and the results evidenced. Senior management is becoming more vulnerable than ever and must also take steps to demonstrate their compliance with applicable legal regulatory obligations. Clear reporting and escalation procedures in the event of any regulatory breaches or concerns must be established, and these breaches and concerns can only be identified by sufficient testing of a regulated financial institution's systems and controls.

David Nolan is Director of Client Advisory Services and Head of Compliance, Maples ICQ



Pensions Update

The Pensions Working Group of the ACOI provides an update on some of the recent developments relating to the pensions' industry in Ireland.

FINANCE ACT 2014

The Finance Act was signed into law on the 23rd of December 2014 and deals with a number of key issues pertaining to the pensions industry including the exemption from VAT on the management of certain schemes. Other notable elements of the Finance Act 2014 include the following:

New Approved Minimum Retirement Fund (AMRF)

rules: From the 1st of January 2015 an individual can withdraw up to 4% of the value of the AMRF from age 60, once a year. The ability to withdraw growth in the AMRF (without limitation) has been removed. The valuation date for the withdrawal will be based on the day of the payment or transfer and not based on the 1st of February as previously referred;

New drawdown rules. The compulsory drawdown is reduced from 5% to 4% where the Approved Retirement Fund (ARF) / Vested PRSA owner is aged under 71 and the value is €2 million or less. The 5% rate continues to apply to an ARF / Vested Personal Retirement Savings Account (PRSA) owned by someone aged 71 plus. The existing 6% rate remains where the value is over €2 million; and



New rules for dealing with pensions adjustment orders (PAOs).

The Finance Act includes provisions to ensure that any tax charge on the excess over the member's Personal Fund Threshold (PFT) or €2 million, whichever is higher, is to be shared between the member and non-member parties i.e. discharged pro rata from that part of the fund retained for the member and that part of the fund subject to the PAO. This amendment takes effect from 1st of January 2015.

ELECTRONIC PFT FACILITY

The Revenue Commissioners have had

a few problems with the electronic system. The main problems reported to the Revenue related to accessing the system and AVC validation. They issued a guidance document which outlines the solutions to the problems which have been brought to the Revenue's attention.

EIOPA CONSULTATION PAPER

The European Insurance and Occupational Pensions Authority (EIOPA) published a Consultation Paper on Good Practices on individual transfers of supplementary occupational pensions. EIOPA identified eight main impediments to (cross-border) transfers of supplementary pension rights and a number of good practices to overcoming them.

FSO & PO MERGER CONSULTATION

The Department of Finance has issued a consultation paper on the Amalgamation of the Offices of the Financial Services Ombudsman (FSO) and the Pensions Ombudsman (PO). This public consultation process forms part of the Regulatory Impact Analysis on the amalgamation of the offices of the FSO and the PO. Submissions were invited from all interested parties on the amalgamation of the two offices and the closing date for receipt of submissions was the 4th of March 2015. **ICQ**

THE BUSINESS OF PRIVACY

Privacy Impact Assessments (PIAs) are set to become an important part of the data protection regime in Ireland once the proposed EU Data Protection Regulation is enacted.

The Data Protection Commissioner has for a long time advocated and welcomed the use of

Privacy Impact Assessments (PIAs) by businesses in relation to potentially privacy intrusive projects such as those involving biometrics. The use of PIAs to address privacy risks is now set to become a legal requirement under the proposed EU Data Protection Regulation. PIAs have numerous benefits including increased customer trust, higher quality of data and reduction in compliance risk and costs. Therefore the time is now for organisations to get smart and get geared up for privacy.

A PIA is a process that facilitates the protection of an individual's privacy rights and helps an organisation understand the future privacy consequences of a proposed project, initiative, processing change or outsourcing activity. Engaging in a PIA is a valuable exercise for organisations

as it can help identify data protection risks that may affect an organisation across multiple products, projects and work streams.

During a keynote speech at the Institute of International and European Affairs (IIEA) in January Ireland's new Data Protection Commissioner, Helen Dixon, stated that she expects all organisations, particularly those in the public sector, to fully assess at the earliest possible point of any project development, any privacy concerns associated with that project. These comments come against the backdrop of the proposed EU Data Protection Regulation which will introduce the concept of a risk-based approach to data protection and privacy. The proposed regulation, which is currently making its way through the European legislative process, will place a mandatory obligation on organisations to carry out a PIA in relation to high-risks projects, as discussed below.

DATA PRIVACY RISK

Data privacy risk can be caused by any number of issues or failures relating to people, processes, systems, function creep and internal or external events such as hacking or cyber-related crimes. All of these potential causes need to be considered so that the appropriate controls can be documented and implemented.

For example, if a project is heavily reliant on human input (e.g. data entry) the risk of operational or processing errors is high due to natural human error, non-adherence to internal procedures or staff negligence resulting in data loss/data quality issues. The impact of such risks could result in the data subject being disadvantaged, dissatisfied or suffering some type of detriment.

Having identified the risk, cause and impact, an organisation can start to identify and document relevant controls to mitigate the risks such as staff training, documented procedures,

monitoring, incident management plans and in-built privacy mechanisms in their operational systems.

PRELIMINARY ASSESSMENT

The nature of a PIA should be commensurate with the scale of the project or type of processing e.g. small projects with a relatively low impact will require a less formal or extensive exercise or it may be decided that the activity does not require an assessment at all.

The Information Commissioner's Office in the UK ("ICO") has set out some preliminary questions that can be used in this assessment as follows:

- Will the project involve the collection of new information about individuals?
- Will the project compel individuals to provide information about themselves?
- Will information about individuals be disclosed to organisations or people who have not previously had routine access to the information?
- Are you using information about individuals for a purpose it is not currently used for, or in a way it is not currently used?
- Does the project involve you using new technology which might be perceived as being privacy-intrusive? For example, the use of biometrics or facial recognition.
- Will the project result in you making decisions or taking action against individuals in ways which can have a significant impact on them?
- Is the information about individuals of a kind particularly likely to raise privacy concerns or expectations? For example, health records, criminal records or other

information that people would consider to be particularly private.

- Will the project require you to contact individuals in ways which they may find intrusive?

If the answer to one or more of the above questions is "Yes" a full impact assessment is likely to be required. In any case, the completion of a preliminary assessment should be agreed and approved by the appropriate project committee or sponsor and kept on the project file.

PIA PROCESS

A PIA is most beneficial when it is conducted in the early stages of a project. However, if a PIA is conducted too early there may not be enough information available about the project, its scope and the proposed information to properly consider the privacy implications. This needs to be considered carefully.

The ICO has issued extensive guidance on how a PIA should be conducted.

The PIA should prompt organisations to think about a project from the perspective of the individuals affected.

Issues to be considered in the context of privacy include expectations of

how the activity of individuals will be monitored; expectations of the level of interaction between an individual and an organisation and an understanding of how and why particular decisions are made about people.

It is important to note the PIA process is not complete once the assessment is documented into a report. It should be updated and refreshed as the project develops. For example, initially identified risk may no longer be relevant as the project progresses or new or previously unforeseen risks may arise that need to be considered, mitigated and documented.

A PIA is suitable for a variety of situations such as the implementation of a new IT system for storing and accessing personal data or the introduction of a data sharing initiative where two or more organisations seek to pool sets of personal data and using existing data for a new and unexpected or more intrusive purpose.

BENEFITS OF A PIA

A PIA can help an organisation to identify the most effective way to comply with its data protection obligations and will identify data privacy issues at an early stage. It



can be easier and less costly to put a solution in place in advance of the product, service or change going live. A PIA can also reduce the ongoing costs of a project by minimising the amount of personal data being collected or used – organisations can sometimes be unclear as to why they want certain information and the PIA can help analyse this. Another benefit is that it can help devise more straightforward processes.

A PIA report can also provide evidence that an organisation acted appropriately in attempting to prevent a breach of privacy. This can help to reduce or eliminate any negative publicity and reputational damage.

Under the proposed EU Data Protection Regulation an organisation will be obliged to maintain documentation relating to its data processing activities. The PIA will help organisations not only demonstrate compliance with their obligations under current data protection law but will also help prepare for upstream obligations arising from the proposed Regulation.

PROPOSED EU DATA PROTECTION REGULATION

As mentioned, the proposed EU Data Protection Regulation requires organisations to carry out a PIA in relation to high-risk processing operations.

Examples of these include:

- systematic and extensive evaluation of personal data for analysing or predicting the economic situation, location, health, personal preference or behaviour of the individual, which produce legal affects concerning the individual or significantly affect the individual;



- processing sensitive personal data, where the data is processed for taking measures or decisions regarding specific individuals on a large scale;
- monitoring publicly accessible areas, especially when using optic electronic devices (video surveillance on a large scale);
- personal data in large scale filing systems on children, genetic data or biometric data; and
- processing operations for which the consultation on the supervisory authority is required as referred to above.

In addition the PIA must contain at least a general description of the envisaged processing operations, an assessment of the risks to the rights of the data subjects and measures envisaged to address the risk.

Many organisations, especially those operating in regulated sectors such as banking and insurance, will be well-versed in risk identification and will have sophisticated risk and compliance frameworks in place. Such organisations should develop or tailor pre-existing risk assessments tools to facilitate the documentation of a PIA. For those organisations that don't have existing assessment models or tools in place, now is the time to consider the

creation and implementation of one. It is important to note that privacy as a concept goes beyond what is considered data protection. Data protection are the legislative measures, that have been introduced to help regulate how personal data is processed and provides the individual with certain rights (e.g. the right to access). However the right to privacy is not absolute and has to be balanced against other rights such as freedom of expression or freedom to conduct a business which have to be also considered by organisations.

Organisations are constantly creating new products and systems particularly within the online and digital sphere. The ways in which personal data can be captured, used, monitored and analysed is ever increasing. A PIA will minimise any intrusive activity that is likely to negatively impact the individual. In addition, PIAs will improve transparency and make it easier for individuals to understand how and why their information is being used in a particular way and serve to minimise compliance and reputational risks for organisations that choose to carry them out.

This article was written by Niamh Gavin and John Magee, William Fry Solicitors. ICQ

What Lies Ahead

With a busy line-up of seminars and events for 2015, the Professional Development Services Committee of the ACOI outlines what's in store for its members.

The education and continuing professional development of our members remains our key focus in the ACOI and 2015 will be no different to previous years – in fact having listened to your feedback we hope to make it even better this year in terms of frequency, quality, relevance, value for money and accessibility.

At the time of writing we have already held four CPD events addressing the topics of AML and Financial Sanctions, Compliance Basics, Project Management and Risk Appetite, and one topical member-focused event on Positive Mental Health at Work. Two of these events were free to our members.

Again listening to feedback from you, our members, two of these events featured senior staff of the Central Bank of Ireland following your requests to hear from regulators on areas of specific interest to you in your roles as compliance professionals. We made a commitment to you to have a comprehensive rolling three-month calendar of events during 2015 and beyond, and already, for 2015 we have

events that will attract in excess of 50 CPD hours. This will both enable you to meet the CPD requirements that attach to your various designations and provide you with substantial choice in how you meet those requirements during the year. As with prior years, the events will vary from one hour lunchtime lectures and half day workshops to evening workshops/lectures, with some important networking and social opportunities included.

The calendar of upcoming events will be regularly updated on the ACOI webpage and we have upcoming CPD events in 2015 on topics such as:

- Ethical conduct and consumer protection;

- Compliance risk assessment;
- Developments in the law and regulation of payment services;
- The Mortgage Arrears landscape;
- Consumer Protection – Conduct Risk;
- MiFID 2 – Investor protection rules;
- Ethical Frameworks;
- Data Protection.

In 2015 we are also running a specific series of CPD workshops “The Building Blocks of Effective Compliance” for those newly qualified compliance professionals, people new to the area of compliance and members from smaller institutions.

Having listened to feedback in our member survey, we wanted to offer something different that addresses the basics of effective compliance and offers a forum where compliance officers can discuss the day to day challenges they face in their roles, and also hear from experienced compliance practitioners on those topics. The key to the success of these workshops is an open dialogue and the sharing of views, and the chance to discuss and address specific issues that members face in their working lives.

“In 2015 we are also running a specific series of CPD workshops “The Building Blocks of Effective Compliance” for those newly qualified compliance professionals, people new to the area of compliance and members from smaller institutions.”



We will continue to work with the Credit Union sector in conjunction with the ACOI Credit Union Working Group, to address the growing appetite for specific events relevant for this sector during 2015.

We also made a commitment to schedule a number of events aimed at experienced and senior compliance professionals, and indeed executive and non-executive directors of member institutions to address the growing role and importance of compliance within these institutions, and to support you in your role within these organisations.

For those of you who recently qualified under the new ACOI designations Certified Data Protection Officers (CDPO) and Certified Financial Crime Prevention Practitioner (CFCPP) – shortly all those eligible to take up

these designations will be invited to do so. We are currently working on the CPD programme to support these designations. There will be no CPD requirement attaching to the CDPO and CFCPP designations in 2015. The CPD regime will commence with effect from 2016.

Please be assured we always listen to your feedback, ideas for events and speakers you recommend. We also welcome hearing from you, on areas where we can improve.

We actively encourage you to contact the ACOI, and specifically the ACOI's Professional Development Services Committee on pds@acoi.ie with any comments you may have on our CPD programme and events generally. We'd particularly like to hear from you on additional ideas/topics for events you would like to see in 2015 and any

relevant speakers you would like to hear from.

What makes our CPD programme a success is the time and commitment given by those who develop, organise, and very importantly speak at our events. It can't happen without all of your efforts and we are very grateful to all who give of their time to get involved. We also have a very active and hard working Committee and if you would like to assist the Committee in any way please don't hesitate to contact us at the email address above.

Finally to you, our members, a thank you for continuing to support our CPD programme and we look forward to seeing you at many more events during 2015.

This article was written by the PDSC Committee. ICQ

Regulatory Reporting: The Next Frontier

As if it wasn't difficult enough, regulatory reporting is about to get more complex and intense according to the ACOI's Funds Working Group.

Those of you with friends or family in the alternative funds arena may have been struck by their

deathly white pallor and zombie-like manner at the end of January, repeatedly muttering something about 'Reg Reporting' and staring into the distance. This was all caused by the first major regulatory reporting deadline for most firms under Annex 4 of the Alternative Investment Fund Managers Directive falling due at that time.

Veterans of US partnership and German tax reporting may scoff at the thought that any form of regulatory reporting could be worse than their own experiences, but Annex 4 does indeed represent a significant departure from past practices and

is likely to form a model for future innovations in this area.

Arising out of political and regulatory concern of the unseen doings of financial institutions, financial reporting requirements have considerably increased in terms of the amount and the complexity of them in recent years. Bank and investment firm capital reporting has become increasingly formalised as the Capital Requirements Directive has morphed into its fourth incarnation. To accommodate this, the COREP reporting template has undergone considerable extension and is now required to be translated into XBRL (extensible business reporting language), compiled according to a 'taxonomy' using a specified schema (XSD) and submitted as a .xml file.

All of this operates to take the area of regulatory reporting further out of the comfort zone of the financial control function and place it more squarely in the realms of the IT department, to the mutual discomfort of both. A degree of peace can be restored however when the schema has been hard-coded and released back to the accountants as a tool to translate the

template spreadsheet into a compliant xml file. The obvious disruption to this is when the schema is revised, it leads to a need to revisit the coding exercise to ensure that translation remains accurate and effective. Which is why so many firms were frustrated when the EBA required taxonomy version 2.0 for reporting as at 30 June 2014, version 2.1 for reporting as at 30 September 2014 and version 2.2 for reporting as at 31 December 2014. Stability then briefly prevailed but version 2.3 kicks in for reporting on 30 June 2015.

A similar pattern of events is unfolding for insurers, with Solvency II taxonomy version 1.5.2c released on 28 February 2015, with version 1.6 scheduled for 30 March, version 1.7 scheduled for 31 May, version 2.0 scheduled for 31 July and version 2.0.1 to appear on 30 September 2015.

By comparison, AIFMD hasn't gone through so many iterations, but differs in that it seeks to provide information not just about financial accounts, but also details of the investment positions in the fund's portfolio. It requires position exposure information, not just at an individual fund level but also a consolidated

"Annex 4 does indeed represent a significant departure from past practices."

version across all funds managed by the same AIFM. Besides such factual information, it also requires details of, and results of, stress tests and scenario analyses performed on the funds as well as a variety of esoteric risk measures. This involves the AIFM having to aggregate the information from a variety of sources and systems, owned and operated by different fund service providers and to integrate them into a series of files using a complex schema. Guidance on how to classify certain types of information and the required inputs for certain fields in order to pass the regulator's validation tests at point of submission is still rudimentary and does not appear to have been developed with the less expert user in mind.

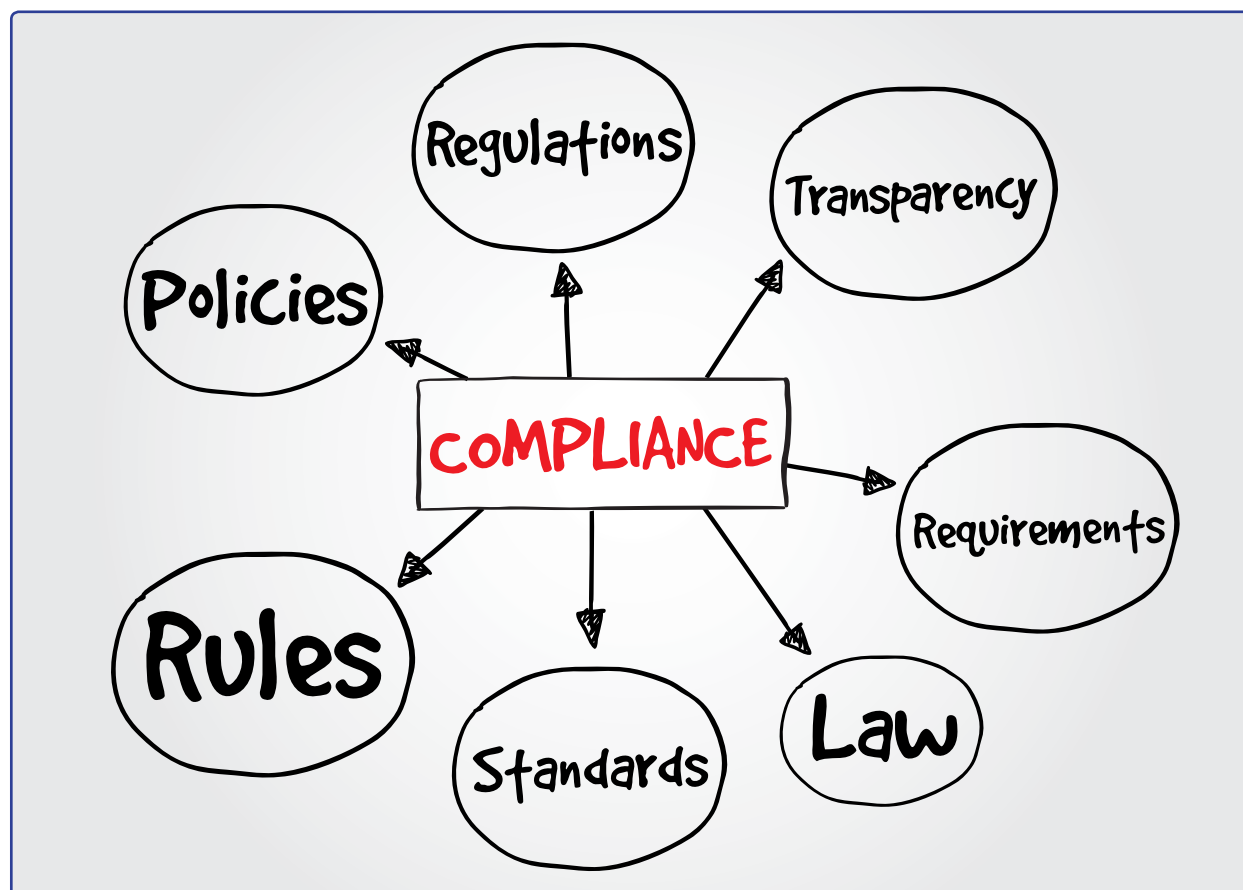
As a final test of the stamina of the reporting entity, files must pass an online validation test once uploaded

to the regulator's site before they can be accepted as having been properly received. If your file fails validation, it must be amended and re-submitted again until the validator declares all is well. What could possibly go wrong? Well, the template under CRD4 taxonomy 2.0 contained a structural error which meant that firms had to choose between reporting the right number and reporting the number that would pass the validation test, hence the need for version 2.2 (version 2.1 had already gone to print at that time). AIFMD does not appear to have been subject to any such structural handicap, but the experience at the end of January has shown this to be a difficult experience for both regulator and regulated alike.

One aspect of the rigid filing deadlines is a concentration of

users looking to perfect and file their submissions in advance of the fast-approaching cut-off point. This leads to a significant load on the system and a consequent slow-down of validator response times – a submission that took five minutes to validate earlier in the week could suddenly take in excess of three hours closer to the deadline. In the UK, the FCA's GABRIEL reporting system actually collapsed and went off-line under the strain of the submissions it was being asked to accept. While the experience in Ireland wasn't as drastic, none of those involved remember the experience with a smile on their face and lessons are being learnt for the next submission on all sides.

This article was written by Kevin O'Doherty, ACOI Funds Working Group. ICQ



ON THE DOMESTIC FRONT:

The Irish Collective Asset-management Vehicle Bill passed all stages in the Oireachtas. Central Bank of Ireland (CBI) publishes its Report on Anti-Money Laundering/Countering of Financing Terrorism (AML/CFT) and Financial Sanctions (FS) in the Irish banking sector, publishes Markets Authorisation Statistics for 2014, and publishes its programme of themed inspections in Markets Supervision.

ON THE INTERNATIONAL FRONT:

Solvency II – Commission Delegated Regulation comes into force. European Banking Authority (EBA) adds the Banking Recovery and Resolution Directive (BRRD) to its online Interactive Single Rulebook and Q&A tools. European Securities and Markets Authority (ESMA) establishes a peer review on best execution under MiFID. ESMA advises the European Commission on implementation of the new Market Abuse Regime (MAR).

Banking

Domestic**CENTRAL BANK OF IRELAND (CBI) PUBLISHES CONSUMER PROTECTIONS OUTLOOK REPORT**

This Report outlines the CBI's consumer protection themes, along with the risks associated with its consumer protection objectives. The Report is structured by dealing with each of the 'five C's', namely consumer, culture, confidence, challenge and compliance; setting out each of the consumer protection objectives that all regulated firms

should comply with.

This Report is aimed at all regulated firms and is accompanied by CBI expectations that they show that they are at all times acting in the best interests of consumers. Some of the key priorities contained in the Report include:

- Additional protections for Small Medium Enterprises when accessing credit;
- Supervisory work on firms that are not meeting minimum consumer protection standards; and
- Reviews and inspections to be carried out in order to support consumer protection objectives.

CENTRAL BANK OF IRELAND (CBI) PUBLISHES ITS QUARTERLY BULLETIN FOR Q1 OF 2015

As well as dealing with export growth and public finances, the Quarterly Bulletin discusses the current situation with the Irish banking sector. CBI notes the progress that has been made with repairing the banking system. This includes improving the resilience of both banks and their customers. A key step in this regard has been the publication of regulations introducing proportional limits to residential mortgage limits. The CBI expects legislation in this regard to be published soon.

CENTRAL BANK OF IRELAND (CBI) PUBLISHES ITS REPORT ON ANTI-MONEY LAUNDERING/COUNTERING OF FINANCING TERRORISM (AML/CFT) AND FINANCIAL SANCTIONS (FS) IN THE IRISH BANKING SECTOR

This Report details the CBI's observations in respect of compliance with AML/CFT and FS requirements by banks in Ireland. It is hoped that financial and credit institutions in

Ireland will take into account the observations and expectations dealt with in this Report in order to assist firms in enhancing and developing their AML/CFT and FS procedures. Some of the key failures identified in the Report include:

- Incomplete risk assessments;
- Inadequate training to all staff members and a failure to provide comprehensive training to Board members; and
- Non-adherence to certain AML/CFT and FS policies (for example internal policies not being subject to regular review or not being reviewed in accordance with the bank's own stated review cycle).

**EU and International
BASEL COMMITTEE PUBLISHES
FREQUENTLY ASKED QUESTIONS
ON BASEL III MONITORING**

As part of monitoring the impact of Basel III on a sample of banks, which it has undertaken since 2011, the Basel Committee has published an updated set of Frequently Asked Questions on Basel III. This aims to provide banks with further guidance on the implementation of Basel III.

EUROPEAN BANKING AUTHORITY (EBA) ADDS THE BANKING RECOVERY AND RESOLUTION DIRECTIVE (BRRD) TO ITS ONLINE INTERACTIVE SINGLE RULEBOOK AND Q&A TOOLS

The EBA has added the BRRD to its online interactive single rulebook. This will allow users to review the EBA's Technical Standards and Guidelines associated with the BRRD by scrolling through the Directive article by article. Users can submit questions on the Directive's application through the Q&A tool. This aims to allow for consistent and

effective application of the Single Rulebook, and will assist early on in the identification and addressing of any issues or regulatory loopholes or lacuna in BRRD.

EUROPEAN BANKING AUTHORITY (EBA) RECOMMENDS CONVERGENCE OF LENDING- BASED CROWDFUNDING REGULATION ACROSS THE EU

On 26 February, the EBA published an opinion setting out the need for regulation in crowdfunding throughout the EU. It noted that because crowdfunding is at quite an early stage, regulatory convergence should be based on existing EU legislation. This should help drive investor confidence in this relatively new platform. EBA considers the Payment Services Directive to be the most readily applicable EU legislative text to lending-based crowdfunding. It did, however, point out that this leaves some lending based aspects of it not covered by EU law, which would result in lending related risks.

THE EUROPEAN BANKING AUTHORITY (EBA) ADVISES THE EUROPEAN COMMISSION ON CREDIT VALUATION ADJUSTMENT (CVA) RISK

The EBA collected data from a sample of 32 banks, over 11 jurisdictions, in order to determine the CVA risks that are not covered by EU legislation. Such risks are not covered by legislation, because of the exemptions provided for in the Capital Requirements Regulation (CRR). Although the EBA does not consider that any action should be taken to rectify this until the Basel Committee has conducted a review of the EU framework, it has published some short term policy recommendations.

Insurance

Domestic

CENTRAL BANK OF IRELAND (CBI) PUBLISHES ITS ECONOMIC LETTER ON MORTGAGE INSURANCE

On 10 February 2015, CBI published an Economic Letter on mortgage insurance (MI) in an Irish context. The Letter includes: (a) an overview of the features of MI; (b) related regulatory considerations; and (c) commentary on MI's use in other countries. It also sets out issues for consideration regarding the use of MI in the Irish market. Notably, the Letter acknowledges that MI can support a well-functioning mortgage market. However, amongst other matters, it points out that rather than reducing risk of systemic crisis, MI only moves this risk from lenders to insurers and, further, inherent conflicts of interest in the payment structure of MI products make it important to ensure clear and transparent pricing and the ability for the mortgagor to choose the provider.

INTERMEDIARY TIMES – PII REMINDER

In the latest edition of its Intermediary Times newsletter, published in February 2015, the Central Bank reminds investment intermediaries that are also registered insurance intermediaries that they must hold professional indemnity insurance (PII) in respect of their investment business, as well as cover for their insurance mediation business.

EU and International SOLVENCY II – COMMISSION DELEGATED REGULATION COMES INTO FORCE

The European Parliament recently

published a letter received from the Commissioner for Financial Stability, Financial Services and Capital Markets, in relation to the Solvency II Commission Delegated Regulation (CDR) which came into effect on 18 January 2015. The letter agrees with prior calls (including from the Chair of the Committee on Economic and Monetary Affairs (ECON)) for a review of the calibration of capital requirements on infrastructure investment and advises that work has been initiated with a view to achieving a more risk-sensitive treatment of infrastructure investments. The letter also confirms that a report will be adopted regarding future resourcing for EIOPA (concern having been previously expressed by the ECON Chair in that regard). Replies to specific issues raised by ECON concerning the CDR are set out in an Annex to the letter.

EIOPA – FIRST SET OF SOLVENCY II GUIDELINES

On 2 February 2015, the European Insurance and Occupational Pensions Authority (EIOPA) issued its first set of Guidelines under the Solvency II Directive in all official languages of the EU. National Competent Authorities (NCAs) must confirm whether they comply or intend to comply with the Guidelines by 2 April 2015. On 3 February 2015, EIOPA also issued its final reports on two public consultations under Solvency II, relating to Guidelines on the System of Governance (Governance Guidelines); and Guidelines on Own Risk and Solvency Assessment (ORSA Guidelines). Interestingly, the report indicates that several stakeholders submitted that there are many instances where the Governance Guidelines go beyond the provisions

of the Solvency II Directive. EIOPA confirms that it does not agree with this view.

NEW EIOPA WORKSTREAM - INFRASTRUCTURE INVESTMENTS BY INSURERS

On 4 February 2015, the European Insurance Occupational Pensions Authority (EIOPA) announced that it is commencing a new workstream on infrastructure investments by insurers. In particular, EIOPA intends to: (a) develop a definition of infrastructure investments; (b) evaluate potential criteria for a new class of long-term high quality infrastructure assets; and (c) examine the risk profile and prudential treatment of infrastructure investments within the Solvency II regime.

EIOPA - CONFLICTS OF INTEREST IN INSURANCE-BASED INVESTMENT PRODUCT SALES

On 4 February 2015, EIOPA published its final report and its technical advice to the European Commission, regarding conflicts of interest in sales of insurance-based investment products. The report summarises the feedback received on EIOPA's 2014 consultation and its key conclusions based on these. Key recommendations reflected in the report and technical advice include requiring clear disclosure of inducements, ensuring that such inducements do not affect the insurance intermediaries and insurer's duty to act in the best interests of consumers and for insurers/intermediaries to put in place an effective written conflicts of interest policy.

INSURANCE EUROPE COMMENTS ON BASE EROSION AND PROFIT SHIFTING PROPOSALS

On 9 February 2015, Insurance Europe published its comments on

the discussion draft on action point 4 of the Base Erosion and Profit Shifting (BEPS) Action Plan published by the Organisation for Economic Cooperation and Development (OECD) in December 2014. The draft aimed to address weakness in the international tax environment. Key points highlighted by Insurance Europe include that existing regulatory requirements already act as an effective limitation for the insurance sector in that regard and its preference is for a blanket exclusion for insurance company interest from the scope of BEPS Action 4.

EIOPA ISSUES STATEMENT ON IMPACT OF BUDGET CUTS

On 2 February 2015, EIOPA issued a press release explaining the implications of recent budget cuts on its 2015 work programme. EIOPA has undertaken a reprioritisation exercise in response to the cuts, including by the postponement/cancellation of projects. Solvency II will remain the highest priority for EIOPA. However, amongst other matters, the Solvency II supervisor training programme will be curtailed and production of the IT supervisory toolkit for XBRL reporting has been cancelled.

EIOPA PUBLISHES SYMMETRIC ADJUSTMENT OF SOLVENCY II EQUITY CAPITAL CHARGE

On 4 February 2015, EIOPA published technical information on the symmetric adjustment of the equity capital charge for Solvency II to assist insurers in calculating their solvency positions as at 31 December 2014 and 31 January 2015. As of March 2015, this information will be updated on a monthly basis. (Re)insurers using the standard formula are required to hold a certain amount of regulatory

capital to compensate for losses in the value of equities in adverse scenarios. The calculation of the symmetric adjustment of the capital charge is based on the behaviour of an equity index built by EIOPA exclusively for that purpose.

EIOPA OPINION ON SALES OF INSURANCE AND PENSION PRODUCTS VIA THE INTERNET

On 3 February 2015, EIOPA published an opinion (dated 28 January 2015 and addressed to national supervisors) on sales via the internet of insurance and pension products. The opinion provides examples of certain consumer protection issues EIOPA has identified regarding online distribution. These include that, in an online context, most customers do not conduct sufficient searches for information and are less likely to read disclosure documents when purchasing, and distributors do not always provide adequate advice. EIOPA's recommendations include that national supervisors become more proactive in how they collect information on online distribution activities used by distributors. National Competent Authorities have been asked to provide feedback (including details of actions taken in light of EIOPA's recommendations) within six months.

UK INSURANCE BILL RECEIVES ROYAL ASSENT

On 12 February 2015, the UK Insurance Bill was enacted and is now known as the Insurance Act 2015. The Act includes most of the UK Law Commission's recommendations (including to provide that an insurance claim cannot be denied where the insured can show that

breach of a term, on foot of which the denial of claim is founded, was not relevant to the loss that occurred).

The Act also amends the UK Third Parties (Rights against Insurers) Act 2010 (which has not yet been brought into force).

INSURANCE EUROPE WELCOMES CAPITAL MARKETS UNION CONSULTATION

On 18 February 2015, Insurance Europe issued a press release welcoming the European Commission's publication of a Green Paper on the capital markets union. Insurance aspects of the paper include the prudential treatment of long-term investments. The paper notes that the recently finalised European Long-Term Investment Funds (ELTIFs) regulatory framework will allow long term investment in companies and infrastructure projects. Insurance Europe commented that, as Europe's largest institutional long-term investors, insurers are hopeful that work can be done to reduce barriers to making long-term investments (which are vital to growth and stability in Europe).

INSURANCE EUROPE PUBLISHES RESPONSE TO IAIS CONSULTATION ON RISK-BASED GLOBAL ICS

On 17 February 2015, Insurance Europe published its response to the International Association of Insurance Supervisors (IAIS) recent consultation on a risk-based global Insurance Capital Standard (ICS). Notably, Insurance Europe comments that the envisaged IAIS timeline for the ICS is very ambitious and that it will be more realistic for the IAIS to give itself more time to design and test measures that are fit for purpose and aim for achievable incremental progress.

EIOPA PUBLISHES LETTER TO EUROPEAN COMMISSION ON RECOVERY AND RESOLUTION

On 12 February 2015, EIOPA published a letter (dated 6 February) to the European Commission concerning ongoing discussions as to possible future work of the Commission in the area of recovery and resolution of insurance undertakings. Notably, the letter supports an EU legislative initiative to achieve a minimum level of harmonisation with respect to this issue, including the development of a harmonisation framework for Insurance Guarantee Schemes (IGS) in the EU. The letter outlines EIOPA's views on various policy issues, including: (a) fragmentation of existing recovery/resolution systems and emerging conflicting national solutions; (b) current risk outlook (risk of "double hit" stress scenario); (c) scope of the problem; and (d) role of IGS.

INSURANCE EUROPE COMMENTS ON PROPOSAL TO SIMPLIFY TRANSFER OF VEHICLES IN EEA

On 23 February 2015, Insurance Europe issued a press release voicing concerns about a European Parliament proposal to eliminate certain administrative barriers to re-registration of motor vehicles in the EEA. Insurance Europe believes that, as currently drafted, the proposal could lead to increased levels of uninsured driving which would be detrimental to European road safety. In particular, Insurance Europe believes that the existing registration systems designed to prevent uninsured driving should not be reduced (e.g. it believes that failure to have insurance cover should be one of the grounds for refusal of an application for re-registration).

COMMISSION SPEECH ON INSURANCE DISTRIBUTION

The European Commission recently published a speech (given by its Commissioner for Financial Stability, Financial Services and Capital Markets Union) regarding insurance distribution. The Commissioner confirmed his confidence that IMD 2 can be finalised in the first half of 2015. However, he voiced certain concerns regarding the reality/strength of a single European insurance market. In particular while the recently adopted PRIIPS Regulation introduced a common standard of disclosure for relevant investment products, the same level of coherent disclosure would not apply to other types of insurance products. Further, at a practical level, most consumers can only purchase insurance products in the EU Member State where they live even though products offered in another Member State may be cheaper and more suitable.

INSURANCE EUROPE RESPONSE TO DISCUSSION PAPER ON KIDS FOR PRIIPS

On 17 February 2015, Insurance Europe published its final response to the ESA's (European Supervisory Authorities) November 2014 discussion paper on key information documents (KIDs) for packaged retail and insurance-based investment products (PRIIPs). The aim of the KID is to help retail investors better understand and compare PRIIPs, by being provided with accurate, fair and clear pre-contractual information in a standard form. Amongst other matters, Insurance Europe believes that it is important to apply a clear and comparable cost indicator and clearly distinguish between costs and premiums, and to avoid confusing

duplication of pre-contractual information, e.g. under Solvency II, IMD2 and the PRIIPs Regulation.

UK INSURANCE FRAUD TASKFORCE - TERMS OF REFERENCE

On 17 February 2015, the UK government published a webpage for the recently established insurance fraud taskforce. The website includes details of the taskforce's terms of reference and the minutes of its meetings held to date. Key issues discussed at those meetings include future topics of focus (including categorising fraud, identifying gaps in current industry practice, use of data and the power of courts and deterrents) and the regulation of claims management companies and the progress being made by the insurance industry in respect of anti-fraud initiatives (e.g. data sharing). The taskforce intends to produce an interim report by March 2015 and a final report by the end of 2015.

IAIS QUESTIONNAIRE ON MARKET CONDUCT

On 5 February 2015, the International Association of Insurance Supervisors (IAIS) announced a self-assessment and peer review on market conduct. The questionnaire addresses Insurance Core Principles (ICPs) 18 and 19 which relate to intermediaries and conduct of business, respectively. The questions relating to ICP 19 are divided into two parts to cover (a) insurers and (b) intermediaries. Responses are invited from participating firms by 2 March 2015.

IAIS POLICY ON MEETING ATTENDANCE AND CONSULTATION

On 13 February 2015, the IAIS published finalised policies relating to attendance at IAIS Committee

and sub-committee meetings and consultation of stakeholders. The consultation policy contains an annex with further detail on the processes for developing and adopting supervisory material (e.g. measures for global systemically important insurers) and supporting material (e.g. issues papers and application papers).

FCA TO ASSESS UK PPI COMPLAINTS PROCESS

The Financial Conduct Authority (FCA) in the UK recently announced that it plans to collect evidence regarding the functioning of the payment protection insurance (PPI) complaints process. The FCA confirmed that, following assessment of the information collected, it may take steps including introduction of time limits on complaints and other changes. The FCA expects work to begin on the process shortly, and aims to share its findings during the summer.

VARIOUS SOLVENCY II PUBLICATIONS BY THE PRA

On 12 February 2015, the Prudential Regulation Authority (PRA) in the UK issued a letter sent to the directors of insurers, providing an update on matters relating to Solvency II. The updates relate to Solvency II-related approvals, including for the matching adjustment and internal models, to the entry into force of the CDR and to the PRA's upcoming Solvency II activity timetable. On 10 February

2015, the PRA published an update regarding its approach to the balance sheet, technical provisions and own funds review under Solvency II. This clarifies aspects of the PRA's reporting approach on these points proposed in October 2014; including further detail in relation to the format of reports required. On 19 February 2015, the PRA launched a consultation (CP5/15) on its expectations of firms under EIOPA's first set of Solvency II Guidelines. Comments are invited by 19 March 2015. On 20 February 2015, the PRA released an updated supervisory statement (SS2/14) on the recognition of deferred tax under Solvency II. On 20 February 2015, the PRA also published a letter to (re)insurers, regarding the treatment of equity release mortgage assets (ERMs) in calculating the matching adjustment under Solvency II.

EIOPA REPORT ON FUNCTIONING OF COLLEGES AND ACCOMPLISHMENTS OF ACTION PLAN 2014

On 20 February 2015, EIOPA published its year-end report on the functioning of colleges of supervisors and accomplishments of its 2014 action plan. Areas for improvement identified in the report include more structure for information exchange and risk analysis between colleges (obstacles in this regard include market sensitivity) and further attention on the discussion on preparatory guidelines for Solvency II.



Investment Firms

Domestic

Central Bank of Ireland (CBI) publishes programme of themed inspections in Markets Supervision

This programme outlines the CBI's supervisory priorities for 2015. Some of the themed inspections are:

- Integrity of regulatory returns – review of firms' regulatory reporting;
- Conduct of business - review of selected MiFID conduct of business requirements; and
- Person discharging managerial responsibilities - review of policies and practices in relation to notification of relevant trading activity by persons discharging managerial responsibility in listed firms.

Director of Markets Supervision, Gareth Murphy said: "Investor protection, market integrity and financial stability are at the core of the Central Bank's mandate. By announcing these themed-inspections, we are highlighting areas where investment firms, funds and market participants may need to raise standards."

EU and International

EUROPEAN COMMISSION PUBLISHES ITS REPORT RECOMMENDING THAT PENSION FUNDS SHOULD BENEFIT FROM A FURTHER 2 YEAR EXEMPTION FROM CENTRAL CLEARING REQUIREMENTS

Under European Market Infrastructure Regulation (EMIR), standard derivative contracts must be cleared through central counterparties (CCPs). It also establishes organisational, business



conduct and prudential requirements for these CCPs. EMIR provides an exemption to 'pension scheme arrangements' from the clearing obligation of certain derivatives. The European Commission in this report has recommended that this exemption should be extended for a further two years.

EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) ESTABLISHES A PEER REVIEW ON BEST EXECUTION UNDER MIFID

This review examined how National Competent Authorities (NCAs) supervise and enforce MiFID provisions relating to investment firms' obligation to provide best execution for its clients. It was found that implementation of best execution provisions is quite low. ESMA recommends that NCAs prioritise best execution as a key conduct of business supervisory issue.

EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) AND FINANCIAL SERVICES AGENCY OF JAPAN (JFSA) CONCLUDE A MEMORANDUM OF COOPERATION REGARDING CENTRAL CLEARINGHOUSES (CCPS)

This Memorandum of Cooperation establishes cooperation agreements between signatory authorities regarding Central Counterparties (CCPs) that are established in Japan, are licensed

or approved by the JFSA, and have applied for recognition under EMIR. This Memorandum of Cooperation is established under European Markets Infrastructure Regulation (EMIR) and will be effective from 18 February 2015.

EUROPEAN COMMISSION PUBLIC CONSULTATION – EU FRAMEWORK FOR SIMPLE, TRANSPARENT AND STANDARDISED SECURITISATION

This is the first step towards a possible initiative to create a new EU framework for simple, transparent and standardised securitisation. The European Commission would hope to gather information on the current functioning of European securitisation markets and how it could improve. This consultation period will run from 18 February to 13 May 2015.

EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) UPDATES LIST OF AUTHORISED CENTRAL CLEARINGHOUSES (CCPS) AND PUBLIC REGISTER

On 25 February, ESMA published this updated list, which sets out the CCPs that are authorised under European Markets Infrastructure Regulation (EMIR) and its Public Register for the Clearing Obligation. As part of this process, Nasdaq OMX Clearing AB has had its authorisation extended to include exchange-traded and OTC FX derivatives.

Funds

Domestic

IRISH COLLECTIVE ASSET-MANAGEMENT VEHICLE (ICAV BILL) PASSED ALL STAGES IN THE OIREACTHAS

The ICAV Bill has now been passed by both Houses of the Oireachtas. The ICAV is a new form of corporate vehicle specifically tailored for the funds industry. The ICAV will sit alongside the available fund structures in Ireland, namely the variable capital company (VCC), the unit trust, the common contractual fund (CCF) and the investment limited partnership (ILP). The Central Bank will act as both the incorporating and authorising body for ICAVs.

The key advantages of an ICAV are as follows:

- The ICAV will benefit from being subject to a separate and distinct corporate fund regime which has been drafted specifically for use by the funds industry. As such, the ICAV will not be subject to a number of the general Irish and European company law requirements which are applicable to VCCs by virtue of their incorporation under the Companies Acts but are generally more appropriate to trading companies. The ICAV should, accordingly, represent a simpler and more cost effective choice of corporate vehicle for funds.
- Additionally, and of particular interest to managers of funds targeting US investors, the ICAV will be able to elect its classification under the US 'check-the-box' taxation rules. This will allow an ICAV to be treated as a partnership for US

tax purposes and so avoid certain adverse tax consequences for US taxable investors. This is in contrast to the status of the VCC which is not able to 'check-the-box' for US tax purposes. This gives rise to potential treatment as a Passive Foreign Investment Company (PFIC) for US investors which, depending on the precise status of the investor and the elections it makes, can give rise to a greater tax and administrative burden than if the fund is able to 'check-the-box'.

EU and International MONEY MARKET FUNDS REGULATION (MMF REGULATION)

The European Parliament is scheduled to consider the MMF Regulation on 25 March 2015.

EUROPEAN LONG-TERM INVESTMENT FUNDS REGULATION (ELTIF REGULATION)

The European Parliament is scheduled to consider the proposed ELTIF Regulation on 9 - 12 March 2015. The European Commission issued a Fact Sheet on European Long-Term Investment Funds.

EUROPEAN SOCIAL ENTREPRENEURSHIP FUNDS (EUSEF) AND EUROPEAN VENTURE CAPITAL FUNDS (EUVECA)

ESMA published its final report setting out technical advice to the European Commission on the delegated acts for the EuSEF and EuVECA Regulations. The implementing measures address the following topics:

- the types of goods and services, methods of production for goods and services and financial support embodying a social objective;
- conflicts of interest of EuSEF and EuVECA managers;

- the methods for the measurement of the social impact; and
- the information that EuSEF managers should provide to investors.

BENCHMARK REGULATION

The European Parliament is scheduled to consider the Regulation on indices used as benchmarks in financial instruments and financial contracts (Benchmark Regulation) on 7 -10 September 2015.

Cross Sectoral

Domestic

CENTRAL BANK OF IRELAND (CBI) PUBLISHES 'REGULATORY TRANSACTIONS SERVICE STANDARDS PERFORMANCE REPORT: JULY - DECEMBER 2014'

This document sets out the CBI's performance against Service Standards it committed to in respect of processing of Fitness and Probity Pre-Approval Control Functions (PCF) Individual Questionnaire ("IQ") applications and Authorisation of Regulated Financial Services Providers. Some of the findings include the following:

- In respect of fitness and probity standards - CBI had a target of processing 85% of 'standard' IQ applications within 15 business days. This target was exceeded, with 92.51% of these applications being processed within 15 business days.
- In respect of authorisation standards - CBI had a target of processing 100% of complete application forms within 6 months. This target has also been met.

CENTRAL BANK OF IRELAND (CBI) PUBLISHES ITS STATEMENT OF ENFORCEMENT PRIORITIES FOR 2015

The CBI's statement of enforcement priorities for 2015 builds upon the 11 enforcement settlements with regulated financial services providers in 2014, with overall fines in excess of €5 million. CBI would hope that this would result in increased standards in behaviour from regulated firms in their dealings with consumers. Some of the key priority areas set out in the statement include anti-money laundering, financial sanctions compliance, fitness and probity obligations and prudential requirements (particularly in respect of credit unions, large exposure rules for credit institutions and markets, reserving and capital adequacy, and requirements applying to retail intermediaries and insurers).

CENTRAL BANK OF IRELAND (CBI) PUBLISHES MARKETS AUTHORISATION STATISTICS FOR 2014

On 11 February, CBI published its Markets Authorisation Statistics for 2014. This Report sets out statistics in respect of fund service providers, fund authorisations, fund post authorisations, MiFID authorisations and authorisations under the Prospectus Directive. The Report deals with the type of authorisations under each category referred to above, percentage of same achieved in 2014, along with the CBI timeline for each type of authorisation. Some of the findings in the statistics include the following:

- MiFID Level 1 firms – in 100% of cases, the CBI reverted to the applicant with comments within 20 business days of the initial application;

- Alternative Investment Firm Managers (AIFMs) – in 100% of cases, CBI approval of the authorisation was granted within 6 months; and
- Equity Prospectuses – in 100% of cases, the CBI had reverted to the applicant with comments within 10 business days (20 in the case of IPOs) of the initial application.

CENTRAL BANK OF IRELAND (CBI) PUBLISHES 'FITNESS AND PROBITY FREQUENTLY ASKED QUESTIONS (FAQ)'

The CBI has published an update to its existing Fitness and Probity FAQ document (originally issued in March 2013). The FAQs deal with queries that have been raised in relation to the operation of the fitness and probity regime under Part 3 of the Central Bank Reform Act 2010. Some of the FAQs contained in the document are in relation to controlled functions, scope of the fitness and probity regime and outsourcing. The only amendment from the March 2013 version is the removal of Question 7.13, which relates to a Data Protection Disclosure from An Garda Síochána.

PUBLIC CONSULTATION ON THE AMALGAMATION OF THE OFFICES OF THE FINANCIAL SERVICES OMBUDSMAN AND THE PENSIONS OMBUDSMAN

The Department of Finance has requested submissions from interested parties on the amalgamation of the Offices of the Financial Services Ombudsman and the Pensions Ombudsman. This public consultation will form a key part of the Regulatory Impact Analysis of the amalgamation of both offices. The closing date for receipt of submissions is the 4 March 2015.

IRISH FSO PUBLISHES ANNUAL REVIEW FOR 2014

On 25 February 2015, the Irish Financial Services Ombudsman (FSO) published its annual review for 2014. The review contains interesting information about complaints made during the year. Some of the findings in this report include the following:

- 4,477 complaints were received in 2014 (which is a 42% decrease from 2013);
- There were 271 investment complaints in 2014 (which is a decrease from 770 in 2013);
- There were 2,127 banking complaints in 2014 (which is a decrease from 2,925 in 2013); and
- 3,166 complaints were closed by way of formal investigation, finding or settlement.

EU and International EUROPEAN COMMISSION EXPRESSES ITS INTENTION TO ENDORSE WITH AMENDMENTS THE DRAFT REGULATORY TECHNICAL STANDARDS ON THE CLEARING OBLIGATION FOR INTEREST RATE SWAPS PURSUANT TO ARTICLE 5 OF REGULATION (EU) NO 648/2012

The European Commission sent a letter to European Securities and Markets Authority (ESMA) in which it set out its intention to endorse with amendments the technical standards published by ESMA. The amendments that the European Commission has proposed in its letter relate to postponing the start date of the frontloading requirements and providing intragroup transactions with third country counterparties with a transitional period.

EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) ADVISES THE EUROPEAN COMMISSION ON

IMPLEMENTATION OF THE NEW MARKET ABUSE REGIME (MAR)

The advice published on 3 February consists of technical advice and standards, which will be sent to the European Commission for consideration in drafting its implementing standards relating to MAR. The advice published deals with the following, amongst other things:

- Specifying the MAR market manipulations indicators, by using examples;
- Clarification on the enhanced disclosure of managers' transactions; and
- Proposed procedures and arrangements to ensure that there are sound whistleblowing systems in place.

EUROPEAN BANKING AUTHORITY (EBA) ADVISES ON THE DEFINITION OF ELIGIBLE CAPITAL

On 17 February, the EBA published its opinion on the review of the appropriateness of the definition of 'eligible capital', as set out in the Capital Requirement Regulations. The European Commission had queried whether the definition of 'eligible capital' is appropriate for dealing with 'large exposures', determining capital requirements relating to investment firms with limited investment services and also determining the prudential treatment for qualifying holdings outside the financial sector. EBA has suggested that a comprehensive review of the EU large exposures regime at an appropriate point in time, in order to align it with the Basel Committee on Banking Supervision standards.

EUROPEAN COMMISSION - CONSULTATION ON THE REVIEW OF THE PROSPECTUS DIRECTIVE

The aim of this consultation is to gather views on the functioning of the Prospectus Directive and its implementing legislation. It will deal with a broad range of issues, including the scope of the prospectus requirements, investor protection and reduced market capitalisation. It will run from the 18 February to 13 May 2015.

EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) PUBLISHES ADDENDUM CONSULTATION PAPER TO IMPLEMENTING RULES FOR MIFID II/MIFIR

This consultation paper complements the transparency section of the Consultation Paper on MiFID II/MiFIR. The paper deals with four non-equity asset classes, namely foreign exchange derivatives, credit derivatives, other derivatives and contracts for difference.

FINANCIAL ACTION TASK FORCE (FATF) PLENARY MEETING OPENS WITH TERRORIST FINANCING HIGH ON THE AGENDA

Speaking at the opening of FATF's plenary meeting, Michael Sapin, the French Minister of Finance and Public Accounts, welcomed the united global front FATF represents in the fight against terrorist financing. He also made reference to the importance of continuing this work in future. Other items that on the agenda for discussion included:

- Adoption of a report on the sources and methods of financing of the terrorist organisation Islamic State in Iraq and the Levant (ISIL);
- Review of implementation measures taken by a number of countries to deal with issues identified in the last round of evaluation reports; and

- Identification of jurisdictions with strategic deficiencies in their Anti-Money Laundering/Countering Financing of Terrorism systems.

EUROPEAN COMMISSION PRESIDENT PRESENTED AN ANALYTICAL NOTE ON THE ECONOMIC AND MONETARY UNION (EMU)

This note was prepared in cooperation with President of European Council, President of Eurogroup and the President of the European Central Bank. It deals with the current state of the EMU, including setting out its main shortcomings, which will be highlighted by the financial crisis. This is considered the first step towards the report of the Four Presidents on the future of EMU, which is expected for June 2015.

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