

Legal Update

Individual Accountability Framework updates

The Individual Accountability Framework (the “IAF”) of the Central Bank of Ireland (the “Central Bank”) was updated earlier this year and new guidance issued (the “New Guidance”). Materials, including policies and procedures and training manuals prepared to ensure compliance with the IAF should be updated to reflect the New Guidance.

Background

The IAF was introduced to uphold standards in financial institutions in Ireland. It comprises the following key elements:

- Senior Executive Accountability Regime (“SEAR”)
- Enhancements to the existing Fitness & Probity (“F&P”) Regime
- Administrative Sanctions Procedure (“ASP”) (as amended)
- Conduct Standards

Each element is addressed in the IAF Guidance, originally issued in November 2023 and updated in April 2024. All regulated financial service firms authorised in Ireland or operating in the state through a branch have an obligation under section 53(h) of the Central Bank (Individual Accountability Framework) Act 2023 to notify persons carrying out either controlled or pre-approval controlled functions (CFs and PCFs) of the common conduct standards applicable, to put in place appropriate policies and to provide related training.

Ongoing Obligation

Section 21 of the Central Bank Reform Act 2010 contains a continuing obligation on firms and

holding companies to ensure the fitness and probity of senior personnel. It is not a one-off obligation discharged once due diligence has been undertaken upon initial appointment. Accordingly, under the Certification Regulations, relevant firms are required to carry out the certification process in respect of all individuals in CFs: (a) prior to appointment (or in the case of a PCF, prior to the submission of an IQ); (b) on an annual basis; and/or (c) in respect of any new CF role(s) assumed, in advance of appointment to same.

New Requirements

The updated requirements contained in the New Guidance include: clarity on temporary appointments; responsibility for outsourcing arrangements; a reduction in the reporting required and changes to the Statement of Responsibilities.

How Clerkin Lynch Can Help

Clerkin Lynch’s regulatory team can advise on compliance with the IAF as well as providing the required training on this. Contact us for more information.



Mark Browne
Partner
email: markbrowne@clerkinlynch.com
Phone: 01 611 4400

