

New Central Bank CP on F&P

The Central Bank of Ireland (the “Central Bank”) recently announced a new consultation paper (“CP”), number 160 (“CP 160”) on proposed revisions to its fitness and probity (“F&P”) regime. This follows recommendations made following an independent review of the F&P assessment process which was completed in 2024. This CP addresses recommendation in particular related to increased clarity and transparency of supervisory expectations as well as a review of the list of prescribed pre-approval-controlled functions (“PCFs”)

Background

The F&P regime was introduced by the Central Bank in 2011 in the wake of the pre-ceding financial crisis to ensure individuals in key roles in regulated financial services institutions had the relevant competence and capabilities but also that they were deemed to be honest, ethical and financially sound. The F&P regime has been incrementally extended since its inception and other relevant legislative measures including the Individual Accountability Framework and the Senior Executive Accountability Regime (“SEAR”) have been introduced.

In light of the evolution of the overall regulatory environment as well as the findings of the Irish Financial Services Appeals Tribunal in 2024 it was determined to commission an independent review of the F&P regime under the auspices of Mr. Andrea Enria, former Chair of the ECB Supervisory Board. This resulted in the Enria Report which contained 12 key recommendations (the “Recommendations”). The Central Bank has accepted these.

CP 160

CP 160 addresses Recommendations relating to increased clarity of supervisory expectations (Chapter 2) and a review of PCFs (Chapter 4).

In summary, it is proposed that all existing guidance be consolidated and further clarification issued. This will address issues such as conflicts of interest, objective measures to be applied (inherent responsibilities, time commitments, and levels of experience and knowledge for specific roles) and clarity around collective suitability and diversity. There is also guidance on assessing the relevant of past events in a person’s career. A two stage approach is being adopted to the PCF review, with stage one involving a removal of the sector specific categorisations for broader consistency.

Timing

CP 160 was issued on 10th April 2025, and the Central Bank will accept related submissions from interested parties until 10th July 2025, including responses to specific questions posed in the CP. A second stage review is then proposed. Revisions to the F&P process will be finalised and put in place following this and a related consultation period.

How Clerkin Lynch Can Help

Clerkin Lynch’s regulatory services team can assist with queries related to the F&P process as well as advising on related requirements.

We can also advise upon the drafting and submission of related submissions by concerned parties. Please contact us for more information or to discuss related issues.



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