



June 2019

## In The Frame – Accountability Framework gets the go-ahead

The Government has recently given the green light (18 June 2019) for new legislation to be drafted so that the Central Bank of Ireland's (the "CBI") proposals for an Individual Accountability Framework can be introduced (see previous article on the CBI's proposals here: [Link](#)). These proposals will be included in the Central Bank (Amendment) Bill 2019.

### What changes will be introduced?

According to the Government, the Heads of Bill will provide for the following:

- ❑ a **Senior Executive Accountability Regime** which will place obligations on firms and their senior management to set out where responsibility for decision-making lies.

If the Government adopts the CBI's proposals as set out in its report on "Behaviour and Culture of the Irish Retail Banks" (the "**Report**"), regulated entities will be required to prepare "Statements of Responsibilities" for each senior staff member falling within the regime's scope and to produce a "Responsibility Map" documenting key management and government arrangements;

- ❑ **Conduct Standards for firms and individuals** which will be imposed on regulated entities and on their staff and be enforceable if they are breached;
- ❑ an **enhanced fitness and probity regime** which, if the

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CBI's proposals as per the Report are adopted, will result in regulated firms being required to annually certify that all individuals who are performing controlled functions are fit and proper;

- **breaking the “participation link”** which currently requires the CBI to show that an individual “participated” in a breach by a regulated entity in order to pursue an individual under its Administrative Sanctions Procedure, so that individuals can be subject to the process without any requirement to link their behaviour back to some wrong-doing by the regulated firm; and
- **Technical amendments** – apparently the Bill will also include some technical amendments to improve existing legislation and clarify certain statutory processes.

## Commentary

It will be interesting to see further detail behind the proposals once the Heads of Bill are published. We will keep you updated on these developments.

## Contact information

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June 2019

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