

# Central Bank of Ireland Proposes Changes to PCF Categories in Regulated Firms

On 22 September 2021, the Central Bank of Ireland ("Central Bank") issued a Notice of Intention<sup>1</sup> setting out proposed amendments to its pre-approval controlled functions ("PCF") list.

Irish-regulated financial service providers ("RFSPs") must obtain Central Bank approval before appointing a person to a PCF role and the Central Bank will hold the appointing RFSP responsible for any non-compliance with this obligation.

This proposed change follows various other Central Bank PCF list updates, most recently in March 2020 (see our previous client update<sup>2</sup> for further background).

## Changed PCF Roles

Based on its supervisory experience of the use of a number of current PCFs, and having monitored the appropriateness of its PCF list in the context of the changing structure of the Irish financial services industry, the Central Bank proposes the following changes:

- *Non-Executive Directors* (formerly PCF-2) will be identified under separate PCF designations, depending on whether they are independent (PCF-2B) or non-independent (PCF-2A).
- The role of *Head of Compliance with responsibility for Anti-Money Laundering and*

*Counter Terrorist Financing Legislation* (PCF-15) will fall away - relevant roles will be the existing *Head of Compliance* (PCF-12) and a new *Head of Anti-Money Laundering and Counter Terrorist Financing* (PCF-52).

- The role of *Head of Investments* (PCF-31) is falling away, defaulting to *Chief Investment Officer* (PCF-30).
- *Branch Managers* in all cases will be a PCF role (PCF-16), including non-EEA branches.

## Timing

Feedback on the proposals is invited from industry until 20 October 2021.

The Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011 (the "Regulations") will have to be amended to bring the changes into force.

## Action Required

All RFSPs (other than credit unions) will need to consider the impact of the changes on their existing PCF role holders, per the *in situ* process in the Notice of Intention.

RFSPs required to submit an *in situ* confirmation to the Central Bank will have six weeks to do so, from the time the revised Regulations come into effect.

For non-executive directors, the default will be to re-designate all non-executive directors as non-independent. RFSPs will be required to notify the

<sup>1</sup> Notice of Intention - Amendments to the List of Pre-Approval Controlled Functions (PCFs) ([centralbank.ie](https://www.centralbank.ie))

<sup>2</sup> [https://maples.com/en/Knowledge Centre/2020/3/New CBI PCF Designations for each Designated Person Role](https://maples.com/en/Knowledge-Centre/2020/3/New-CBI-PCF-Designations-for-each-Designated-Person-Role)

Central Bank to re-designate relevant individuals as independent. Notifying RFSPs will be required to confirm that they have undertaken the relevant due diligence to assess independence.

RFSPs that have a PCF-15 (Head of Compliance with responsibility for Anti-Money Laundering and Counter Terrorist Financing Legislation) will need to identify a role holder for PCF-12 (Head of Compliance) and Head of Anti-Money Laundering and Counter Terrorist Financing (PCF-52) as relevant.

## How Maples Can Help

Maples Group Financial Services Regulatory has specialist experience in assisting clients with Central Bank PCF approvals and related due diligence. If you would like further information, please liaise with your usual Maples Group contact or any of the persons listed above.

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