



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Fitness and Probity Review: Terms of Reference

March 2024

On 1 October 2010, Part 3 of the Central Bank Reform Act 2010 created in Irish law a harmonised statutory system for the regulation by the Central Bank of Ireland of persons performing controlled functions or pre-approval controlled functions in regulated financial service providers (Fitness and Probity Regime). In line with our desire to evolve and enhance the regime, the Central Bank now wishes to commission an independent review.

The objective of the review is to undertake an independent assessment on the manner in which the Central Bank of Ireland exercises its statutory functions in relation to fitness and probity as provided for in Part 3 of the Central Bank Reform Act 2010. The review will consider the transparency, efficiency and effectiveness of the Central Bank’s operation of the fitness and probity regime, considering the purpose and objectives of this regime to support the safety and soundness of firms, threats to consumer and investor protection and the stability of the system overall.

The focus of the review should be on the processes, systems and structures used by the Central Bank to exercise its functions under section 23 of the Central Bank Reform Act 2010 (Pre-Approval Control functions) but the reviewer is welcome to make any other observations to improve the overall operation of the regime. The review is to be on the implementation of the framework, rather than the legislative framework itself.

Independent Review

The objective is to be determined by reference to the following considerations:

- To evaluate the effectiveness of the performance of the fitness and probity functions by reference to both the quality and quantity of work undertaken and to the current structure, and internal governance structures.
- To evaluate whether the standards applied to fitness and probity assessments by the Central Bank are broadly consistent with comparable F&P supervisory practices internationally.
- To evaluate the calibration, efficiency and timeliness of how fitness and probity functions are carried out in the Central

Bank having regard to organisational priorities and available resources.

- To make suggestions that the reviewer considers would likely improve effectiveness of the performance of the fitness and probity functions, including as to reporting or organisational structures, HR issues including for example training and other measures which would enhance the effectiveness of the fitness and probity work in the Central Bank.
- To consider the transparency of fitness and probity activities both for the public and the firms involved and individuals who may be impacted and whether any enhancements can be made in this regard.

On conclusion of the review, the reviewer will provide a report including recommendations to the Governor.

Modalities

- The Central Bank will support the reviewer in any way s/he considers necessary.
- It is intended that the reviewer will have a dedicated team. The reviewer can seek further (including external) legal advice if required.
- The reviewer will be provided with a background document setting out the processes, responsibilities and recent changes made to the F&P regime.
- The reviewer will conduct interviews (and undertake assessments) with senior management across the Central Bank and other staff involved in F&P processes and decisions.
- The timescale for the review will be discussed with the reviewer.

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