

## Central Bank of Ireland Adds to Pre-approval Controlled Function Roles

On 9 October 2020, the Central Bank of Ireland (“**Central Bank**”) published Amending Regulations and updated Frequently Asked Questions (“**FAQs**”) in relation to the introduction of three new pre-approval controlled functions (“**PCFs**”) and the splitting of PCF-39 Designated Person into six PCF roles. The publication of the regulations follows the publication of the Central Bank’s Notice of Intention in February 2020.

The three new PCFs are:

- Chief Information Officer (under the ‘General’ category);
- Head of Material Business Line (under the ‘Banking’ category); and
- Head of Market Risk (under the ‘Banking’ category).

### New PCF-49 Role Chief Information Officer

PCF-49 Chief Information Officer (“**CIO**”) is applicable to all regulated financial service providers (“**RFSPs**”) other than credit unions. The Central Bank describes the PCF-49 role as follows:

*“The Chief Information Officer role will typically apply to the most senior individual at the RFSP with responsibility for information technology matters. The onus will be placed on the RFSP to review its function to determine whether the role meets the substance of a Chief Information Officer role.”*

The introduction of the new PCF does not mean that all RFSPs must have a CIO. The Central Bank Guidance on the Fitness and Probity Standards sets out that the Central Bank does not require a PCF to be in existence in an RFSP where one did not previously exist or where the size of complexity of an RFSP’s business does not warrant it. This is for the RFSP to determine itself. An RFSP should review its functions and determine whether any would meet the new PCF-49. The FAQs state that the Central Bank expects that the circumstances in which the CIO role would likely apply would include but not be limited to circumstances where:

- the RFSP has a PRISM impact rating of High or Medium High; or
- information technology is a key enabler or core element of the RFSP’s business model.

The FAQs elaborate on what is meant by information technology being a “key enabler or core element of the RFSP’s business model”, referring to proportionality and the impact a failure of the RFSP’s information and communication technology.

Individuals in situ in the PCF-49 role on 5 October 2020 will not be required to seek the approval of the Central Bank to continue to perform the new PCF-49 role. RFSPs will be required to review their assessment under section 21 of the Central Bank Reform Act 2010 in respect of individuals in situ and submit confirmation of such an assessment to the Central Bank. A period of six weeks from 5 October 2020 will be provided to submit the InSitu confirmation (providing for a **16 November 2020** deadline).

### Splitting of PCF-39 Designated Person Role

The PCF-39 Designated Person function is split into six PCF roles aligned to the specific managerial functions set out in the Central Bank’s UCITS Regulations, AIF Rulebook and the Fund Management Company Guidance, as set out in the table below.

#### UCITS Self-Management Investment Company / Management Company

PCF-39	Designated Person
PCF39-A	Designated Person with responsibility for Capital and Financial Management
PCF39-B	Designated Person with responsibility for Operational Risk Management
PCF39-C	Designated Person with responsibility for Fund Risk Management
PCF39-D	Designated Person with responsibility for Investment Management
PCF39-E	Designated Person with responsibility for Distribution
PCF39-F	Designated Person with responsibility for Regulatory Compliance

Individuals in situ on 5 October 2020 will not be required to seek approval from the Central Bank to perform one of the new PCF roles. RFSPs will be required to submit a list of individuals performing each of the six PCF roles via an InSitu return to the Central Bank. A period of six weeks from 5 October 2020 will be provided to submit the InSitu return (providing a **16 November 2020** deadline).

Should the individual in the role change after the new PCF roles have been introduced, he / she will be required to seek the Central Bank’s prior approval in writing to that appointment by means of a new Individual Questionnaire.














The Amending Regulations 2020 are available here: [SI 410 of 2020 Central Bank Reform Act 2010 \(Sections 20 and 22\) \(Amendment\) Regulations 2020](#).

The updated FAQs are available in the annex to this document: [Additions to the List of Pre-approval Controlled Functions](#).

*Please get in touch with your usual Asset Management and Investment Funds Department contact or any of the contacts listed in this publication should you require further information in relation to the material referred to in this briefing note.*

*Full details of the Asset Management and Investment Funds Department, together with further updates, articles and briefing notes written by members of the Asset Management and Investment Funds team, can be accessed at [www.matheson.com](http://www.matheson.com).*

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