



FINANCIAL SERVICES

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# The Central Bank of Ireland reports on compliance with the Fitness and Probity Regime

by **Adrian Mulryan**

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23rd November 2020 | by Adrian Mulryan

On 17 November 2020 the Central Bank of Ireland (“Central Bank”) reported its view findings and observations on Regulated Financial Service Providers’ (“Firms”) compliance with the Fitness and Probity Regime.

The “Dear CEO” letter to the management of all Regulated Financial Service Providers (“Letter”) focused on the role of the Board, the conduct of due diligence and the outsourcing of controlled functions. The Central Bank states that it is “wholly unacceptable that...shortcomings continue to exist in circumstances where the F&P Regime was introduced almost 10 years ago”.

The Central Bank expects that all firms will take appropriate action to review their F&P frameworks and address the significant issues set out in the Letter. Evidence of this review should be able to be produced to the Central Bank upon request.

A link to the Letter is set out [here](#) and should be read in conjunction with the F&P Standards and the Central Bank’s guidance on the Standards, including its April 2019 letter.

How can we help?

We can assist Firms seeking to enhance their fitness and probity regimes in a range of ways, including the following:

- Reviewing and revising existing F&P policies and procedures;
- Providing training to Boards and senior management on the F&P regime and Central Bank expectations;
- Documenting the initial steps to be taken at the appointment of PCFs/CFs and the ongoing monitoring and due diligence procedures;
- Creation of annual and quarterly checklists in order to demonstrate and document ongoing monitoring;
- Ongoing support and practical assistance in preparing and submitting individual questionnaires, conducting initial and annual due diligence and engagement with the Central Bank;
- Screening of potential CF/PCF candidates; and
- Support from our Employment Team on legal matters surrounding appointment or dismissals, as required.

We will be issuing further updates shortly on the Fitness and Probity Regime and the shift towards greater accountability and individual responsibility under SEAR.

If you would like further information, please contact Adrian Mulryan at [amulryan@lkshields.ie](mailto:amulryan@lkshields.ie), Cate Shirley at [cshirley@lkshields.ie](mailto:cshirley@lkshields.ie) or Ruby McEntegart at [rmcentegart@lkshields.ie](mailto:rmcentegart@lkshields.ie) or any member of the Financial Services team.

## About the Authors



**Adrian Mulryan**  
Partner

Adrian is Head of the Financial Services Department at LK Shields.  
T: +353 1 6385862 E: [amulryan@lkshields.ie](mailto:amulryan@lkshields.ie)