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Central Bank publishes “Questions from Stakeholders” on IAF Conduct Standards

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Earlier today the Central Bank published answers to certain questions about the **Individual Accountability Framework** (“IAF”) raised by stakeholders. This [document](#) was first mooted in [April 2024](#) when the Central Bank published updated [Guidance](#) on the IAF.

Of most interest to funds and fund managers are the clarifications relating to the **Conduct Standards** under the IAF. The Conduct Standards include the **Common Conduct Standards**, which are a set of expected standards of conduct which apply to all individuals carrying out Controlled Function roles (“CFs”) in all regulated firms, and the **Additional Conduct Standards**, which apply to all individuals carrying out Pre-Approval Controlled Function roles (“PCFs”) or any other role that may exercise a significant influence on the firm’s affairs (“CF-1”), in all regulated firms. The Conduct Standards have applied since 29 December 2023.

The first question relates to whether the Conduct Standards extend to individuals in CF roles providing services on a freedom of services basis?

- The Central Bank has confirmed that CF role holders providing **incoming services on a freedom of services basis are subject to the Conduct Standards**.

Secondly, the Central Bank was asked to clarify to what extent individuals in group entities are considered to exercise a significant influence on the conduct of a subsidiary/related regulated financial services provider’s (“RFSP”) affairs, and accordingly be subject to the Additional Conduct Standards as CF-1 role holders of the RFSP?

- The Central Bank’s response is that in the main, it is **not anticipated that individuals in group entities will ordinarily exercise significant influence** on the conduct of the subsidiary/related RFSP’s affairs, and as such constitute CF-1 role holders of the relevant RFSP, and be subject to the Additional Conduct Standards (as well as the Common Conduct Standards). However, **where such an individual can effectively direct/exercise a significant influence on key aspects of the business** of the RFSP, they **will be a CF-1** and therefore they **will be subject to both the Common and Additional Conduct Standards** as a matter of law.

Finally, clarification was sought in relation to providing **training in respect of the Conduct Standards**. There is a statutory obligation on an in scope firm to provide training to individuals in CF roles on the Common Conduct Standards, and to individuals in PCF/CF-1 roles on the Additional Conduct Standards. This is to ensure that they have appropriate knowledge of them and how they apply to an individual performing that function.

In a situation where CF and/or PCF roles are outsourced, the Central Bank was asked if the regulated firm subject to the IAF itself is required to provide this training?

- The Central Bank confirmed that while the firm itself is responsible for providing appropriate training, it is **permissible** that the **delivery of such training can be facilitated by a third party**.

For more information on compliance with the IAF for funds and fund managers, please contact your usual contact or any member of the Asset Management and Investment Funds Group.

For our previous updates in relation to the IAF, please see [Individual Accountability and SEAR – Arthur Cox LLP](#).