

Group Briefing

November 2018

Investment Firms: Corporate Governance Requirements published by Central Bank of Ireland

KEY CONTACTS



ORLA O'CONNOR
PARTNER
+353 1 920 1181
orla.oconnor@arthurcox.com



ROBERT CAIN
PARTNER
+353 1 920 1050
robert.cain@arthurcox.com



MAEDHBH CLANCY
OF COUNSEL
+353 1 920 1225
maedhbh.clancy@arthurcox.com

MiFID investment firms, non-retail investment intermediaries, and MiFID market operators will be subject to the new Central Bank Corporate Governance Requirements for Investment Firms and Market Operators 2018 from 1 July 2019 (the **Requirements**).

The final Requirements were published this week, following two consultations (CP 94 in 2015, and CP 120 in 2018).

The Requirements are almost identical to those proposed by CP 120, which were summarised in our May 2018 Briefing: Corporate Governance Requirements for Investment Firms: 2nd Central Bank Consultation. The only small change relates to Audit Committees.

CP 120 proposed that the Audit Committees for all in-scope firms (High Impact Firms, Medium High Impact Firms, and Medium Low Impact Firms) comprise non-executive directors, at least one of whom must be an independent non-executive director (INED). The Requirements instead stipulate as follows:

» **Medium Low Impact Firm:** the requirement is as stated in CP 120 (i.e. the Audit Committee must comprise

non-executive directors, *at least one of whom is an INED*);

- » **Medium High Impact Firm:** the Audit Committee must comprise non-executive directors, *the majority of whom are INEDs*, and
- » **High Impact Firm:** the Audit Committee must comprise non-executive directors, *the majority of whom are INEDs*.

As mentioned above, the Requirements will apply from 1 July 2019. There will be no transitional period after that date. Low Impact Firms are not obliged to comply, but the Central Bank has encouraged them to do so. Foreign-incorporated subsidiaries of in-scope firms also need not comply, but are encouraged by the Central Bank to adopt equivalent corporate governance practices.

This document contains a general summary of developments and is not a complete or definitive statement of the law. Specific legal advice should be obtained where appropriate.

arthurcox.com

Dublin
+353 1 920 1000
dublin@arthurcox.com

Belfast
+44 28 9023 0007
belfast@arthurcox.com

London
+44 207 832 0200
london@arthurcox.com

New York
+1 212 782 3294
newyork@arthurcox.com

Silicon Valley
+1 650 943 2330
siliconvalley@arthurcox.com