



Are you ready?

SEAR - 6 questions to ask your business

Your Partner For What's Next



On 27 July 2021, the Department of Finance released the General Scheme of the Central Bank (Individual Accountability Framework) Bill 2021. This outlines the draft Heads of Bill to address the Central Bank of Ireland ("CBI")'s proposals for an Individual Accountability Framework ("IAF") and Senior Executive Accountability Regime ("SEAR") originally proposed in 2018. The draft legislation indicates that the SEAR will cover banks, insurance and investment firms and third country branches of the above in the first instance.

However, it also notes that other sectors may come within scope of the SEAR after the initial legislation is enacted. In addition, there are aspects of the IAF, such as the Conduct

Standards, which will apply to Regulated Financial Services Providers ("RFSPs") not in scope of the SEAR.

The Minister has indicated that the legislative process may require 12 - 18 months for the full rulebook to be implemented. However, given that the proposals have been known since July 2018, and that the CBI has released the results of its thematic inspections on Fitness and Probity ("F&P"), the CBI will expect that firms have already commenced preparation for the IAF. Our experience demonstrates that IAF implementation can take 12 - 18 months, therefore in-scope firms should start preparing now.

How ready are you?

Key questions for firms:

01

F&P Compliance:

Are you fully meeting the CBI's expectations on Fitness and Probity compliance, as outlined in its Dear CEO letters of April 2019 and November 2020?

02

Communication and Planning:

Have the CBI Individual Accountability / SEAR proposals been communicated appropriately? Have you identified your steering committee and created a project plan?

03

Impact Assessment:

Have you conducted an impact assessment on how the Individual Accountability requirements will affect your business? Have you identified potentially impacted documentation?

04

Control Environment:

Are you aware of the weaknesses or deficiencies in your underlying control environment? Are you satisfied with your outsourcing control environment and third party risk management?

05

Governance Structures:

Do you understand your governance structures and are these clearly documented (including any overseas entities where significant influence exists)? Have you started to look at the roles and responsibilities of Senior Managers?

06

"Reasonable Steps":

Do you understand the concept of "reasonable steps" and have you the appropriate frameworks and governance in place to demonstrate that "reasonable steps" are taken in the event of a potential regulatory breach?

How KPMG can help

KPMG's Risk and Regulatory Consulting team comprise of experts in Fitness & Probity, Conduct Risk, UK SMCR and Australian BEAR specialists who have assisted clients in the design and implementation of individual accountability regimes in the UK and Australia.

Our team has unparalleled experience in financial services risk and regulation. We can help firms to understand the implications of the CBI's Dear CEO F&P letters in April 2019 and November 2020, their obligations under the IAF and how to practically implement any changes into the existing business model in order to ensure the requirements are properly embedded and remain fit for purpose.

GAP Analysis



We can assist you with a gap analysis and identify required changes to be implemented. This includes a remediation plan and clear actions for any gaps identified.

Design and Implementation



We can assist you with the design and implementation of the regime across the four pillars using the output of a gap analysis. This includes target operating model design and implementation.

Technology



Technology changes will likely be required to support the regime including enhancements to as-is systems to ensure an interlock with platforms introduced to administer the regime. We can provide BAU support and manage the on-going requirements as a service using our bespoke technology solution that is adaptable for your needs.

Assurance



We can assist you to ensure that you are in adherence with the new requirements prior to implementation or post implementation, leveraging our experience with the UK SMCR, Australian BEAR/FAR and current CBI F&P regime.

Contact us



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Produced by: KPMG's Creative Services. **Publication Date:** July 2021. (7070)