



REGULATORY UPDATE 12/2009

Special Edition: Central Bank Announces New Senior Posts

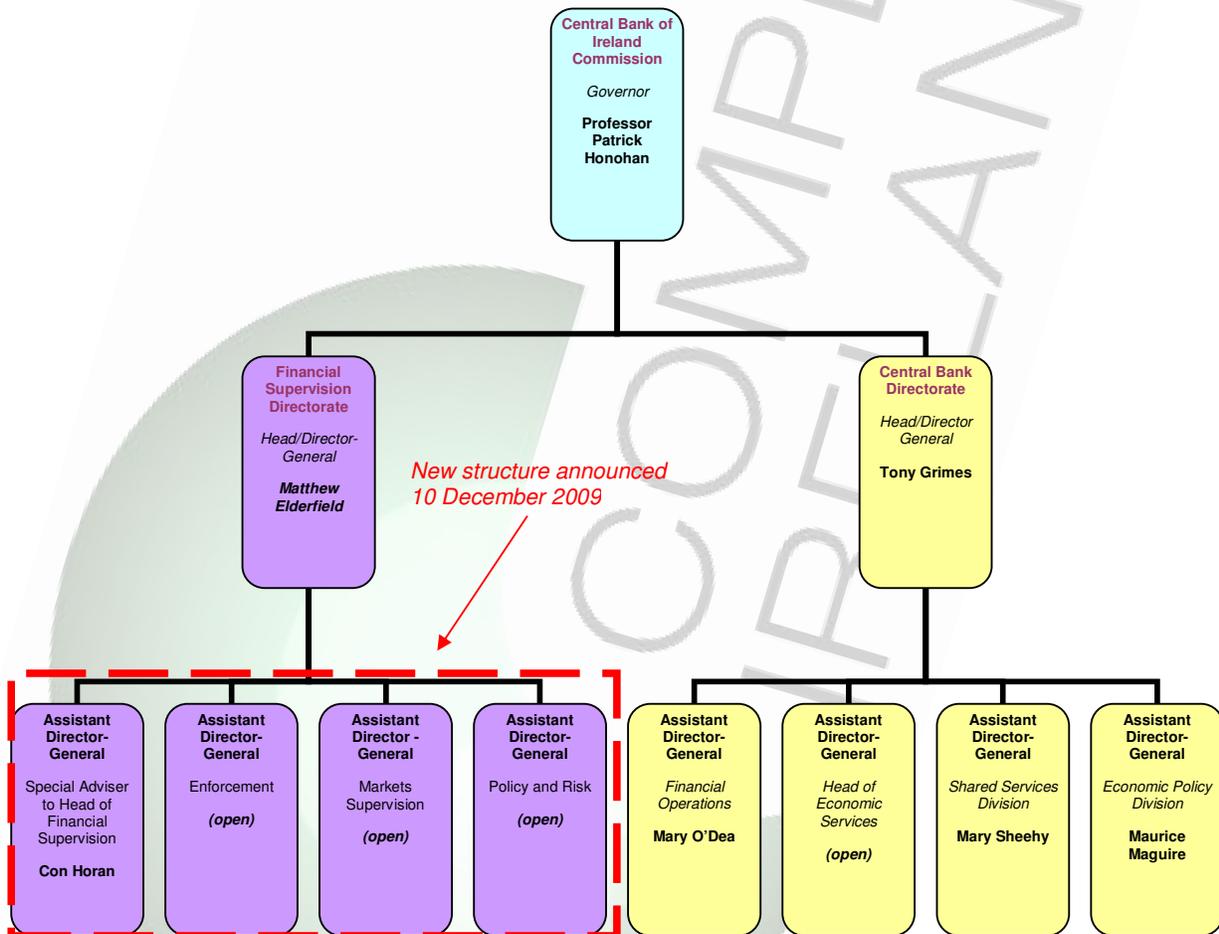
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Proposed Regulatory Structure following announcements of new Senior Posts at the Central Bank



Many long months after the Taoiseach, Brian Cowen, TD, first announced the creation of a new central bank and financial services regulator, the recently installed Governor of the Central Bank, Patrick Honohan and the incoming Head (Director-General) of Financial Supervision, Matthew Elderfield announced today (Thursday 10th December) new senior posts at the unitary bank/regulator. **Compliance Ireland** has created the above organisational chart to show how the senior roles fall within the new structure.

Although new senior roles were announced, the only person named to a role was Con Horan. Mr Horan is the current Head of Prudential Supervision at the Financial Regulator. Mr Horan will take up the Assistant Director-General role of *Special Adviser to the Head of Financial Supervision*.

Including two of the Assistant General-Director roles announced today, the previously advertised position of Assistant Director-General for *Financial Institutions Supervision* is yet to be filled. In total there will be four Assistant Directors-General reporting to Matthew Elderfield. The current acting Chief Executive of the Financial Regulator (and Consumer Director), Mary O'Dea has accepted the *Financial Operations* role (also at Assistant Director-General level) reporting to Tony Grimes, Head of the Central Bank Directorate.

In announcing the creation of the new senior posts Governor Honohan added more weight to his recent comments about creating a strong enforcement capability. (see Newsletter 11/2009 at http://www.complianceireland.com/documents/CI_Newsletter_Dec09_11_web.pdf). Matthew Elderfield also addressed the issue of enforcement by adding

"The new ADG for Enforcement will be charged with building that enforcement capability."

Messrs Honohan and Elderfield appear very keen to put to the sword any notion that – at least going forward - Ireland should be seen as a light-touch (or no-touch) regime.

Reading over Mr. Elderfield's comments it strikes **Compliance Ireland** that the country has recruited a senior regulator with a demonstrable strategic vision. Mr. Elderfield's comment about enhancing the IFSC's international competitive position is a clear signal that a key objective is the restoration of confidence in Ireland in the eyes of international markets. He also committed to engaging in EU and international debate about the future of financial regulation – no doubt to ensure that any new directives/regulations passed by the EU are properly constructed so as to help, and not hinder, Ireland's growth. These commitments are hugely important to Ireland. At the same time Mr. Elderfield recognises that new supervisory and enforcement capabilities are also critical to fostering renewed confidence in Ireland from within and outside. ***What joy it must be to be granted a blank canvas to reconstruct a once shining example of international financial success!***

The responsibilities of the new Assistant Directors-General

Assistant Director-General, Special Adviser to Head of Financial Supervision – Con Horan

- Provide advice to Mr. Elderfield on supervisory matters.
- Leading supervisory projects and assisting in supervisory crisis management.
- Deputy chairman of the Central Bank's Supervisory Risk Committee.
- Chair new advisory risk expert panel on financial regulation (see below).

Assistant Director-General, Enforcement – (open):

- Enforcement actions relating to prudential supervision, conduct of business and market abuse cases.
- Pursuing disciplinary actions against financial institutions and individuals.
- Oversight of anti-money laundering implementation.
- Liaison with regulatory and law enforcement agencies.

Assistant Director-General, Markets Supervision – (open)

- Supervision of regulated markets and securities trading.
- Investment service provider supervision.
- Funds authorisation and supervision.
- Any new responsibilities under EU securities directives.

Assistant Director-General, Policy and Risk – (open)

- EU, international and domestic supervisory policy in banking, insurance and securities.
- Developing and maintaining the Central Bank's financial supervision risk assessment model.
- Conducting micro-prudential risk assessment and analysis work.

Panel of External Risk Advisers

A *Panel of External Risk Advisers* will be recruited in the New Year. The experts will:

- support the supervisory teams in assessing governance and risk management standards.
- provide a resource for analysing the business risks and the commercial environment facing regulated firms.
- provide periodic high-level risk assessments for Central Bank senior management.

Further reading:

- 1) Press Release from Financial Regulator on announcement of Senior Posts
<http://www.complianceireland.com/documents/Central-Bank-announces-new-senior-posts-20091210.pdf>
- 2) Newsletter 11/2009 – Analysis of first public speech by Governor of Central Bank
http://www.complianceireland.com/documents/CI_Newsletter_Dec09_11_web.pdf
- 3) Press Release from Financial Regulator on announcement of Matthew Elderfield to Head of Financial Supervision at Central Bank of Ireland
- <http://complianceireland.com/documents/Financial-Regulator-appoints-Matthew-Elderfield-Head-of-Financial-Supervision-20091019.pdf>
- 4) Appointment of Professor Patrick Honohan to Governor of Central Bank of Ireland
http://www.complianceireland.com/documents/CI_Newsletter_Sept09_07_web.pdf
- 5) Resignation of former CEO of Financial Regulator, Patrick Neary
http://www.complianceireland.com/HotTopics.html#ifsra_ceo_neary_steps_down

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