Insurance Quarterly Legal and Regulatory Update

Period covered:
1 January 2014 to 31 March 2014

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INSURANCE QUARTERLY LEGAL AND REGULATORY UPDATE

Solvency II

(i) EIOPA Timeline for Delivery of the Solvency II Implementing Technical Standards and Guidelines

On 31 January 2014, the European Insurance and Occupational Pensions Authority ("**EIOPA**") published its timeline for the delivery of the Solvency II Implementing Technical Standards ("**ITS**") and Guidelines. The overall goal of the project is to deliver the regulatory and supervisory framework for the technical implementation of the Solvency II regime from the first day of application, i.e. 1 January 2016, as this is of high importance to ensure a timely and proportionate application of Solvency II itself.

In total there will be four relevant documents including:

- Two sets of ITS: Set 1 concerning "Approval Processes" and Set 2 concerning "Pillar 1 (quantitative basis), Pillar 2 (qualitative requirements), Pillar 3 (enhanced reporting and disclosure) and supervisory transparency"; and

- Two sets of Guidelines: Set 1 concerning "Guidelines relevant for approval processes, including Pillar 1 (quantitative basis) and internal models" and Set 2 concerning "Guidelines relevant for Pillar 2 (qualitative requirements) and Pillar 3 (enhanced reporting and disclosure)".

The timeline establishes the planned consultation phases for each set above. The public consultation for Set 1 of the ITS and Set 1 of the Guidelines is scheduled to commence in April 2014 and June 2014 respectively, while the public consultation for Set 2 of the ITS and Set 2 of the Guidelines is scheduled to commence in December 2014.

EIOPA will benefit from the input provided by all the interested parties during the public consultation process and in particular from the close liaison with its Insurance and Reinsurance Stakeholder Group.

More details are available at the following link:

https://eiopa.europa.eu/en/activities/insurance/solvency-ii/index.html

(ii) The Central Bank Publishes the Latest Edition of its Solvency II Matters Newsletter

In January 2014, the Central Bank of Ireland (the "**Central Bank**") published the latest edition of its Solvency II Matters Newsletter (the "**Newsletter**"). The Newsletter is published in order to keep insurance and reinsurance undertakings informed and up-to–date on Solvency II developments, implementation activities and events.

The January 2014 edition addresses the following topics:

- The Central Bank of Ireland Guidelines on Preparing for Solvency II;
- The Industry Briefing – November 2013;
- The Update Quick-Fix Directive & Omnibus II;
- The Update of the Internal Model Approval;
- The Indicative Dates of the Solvency II Timeline.

The full text of the Newsletter can be found at the following link:

http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/solvency2/Documents/January%202014%20Solvency%20II%20Matters.pdf

(iii) EIOPA and Central Bank Publish Errata to Solvency II Guidelines

On 17 February 2014, EIOPA published a list of corrections referred to in its Guidelines on Submission of Information to National Competent Authorities ("**NCAs**") for the purpose of Solvency II, which is accompanied by an explanatory text.

The full text of the Errata released by EIOPA may be found at the following link:

https://www.bafin.de/SharedDocs/Downloads/EN/Leitfaden/dl_lf_solvency_guidelines_submission_of information_errata_en.pdf?__blob=publicationFile

Consequently, on 18 February 2014, the Central Bank published its Errata on its Guidelines on Preparing for Solvency II – Submission of Information. The amendments, which relate to Guideline 6 and Guideline 10, are as follows:

In Guideline 6 paragraph 3, the reference should read:

"When the undertaking is using an internal model for the calculation of Solvency Capital Requirement, the notional SCR for ~~the most~~ material Ring Fenced Funds and the remaining part, should be taken into account, when submitting the relevant information identified in k. and l. of Guideline 4, according to specific templates agreed with the Central Bank."

In Guideline 10 paragraph 4, the reference should read:

"When an undertaking is using an internal model for the calculation of SCR, the notional SCR for material Ring Fenced Funds and the remaining part, should be taken into account, when submitting the relevant information identified in h. and i. of Guideline 8, according to specific templates agreed with the Central Bank."

The Central Bank's Errata is available via the following link:

http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/solvency2/Documents/CBI%20Guidelines%20-%20Submission%20of%20Information%20-%20Errata%20Document.pdf

(iv) The European Parliament adopts the Omnibus II Directive after the Amendments to Text Published by ECON

On 5 and 7 March 2014, the European Parliament's Committee on Economic and Monetary Affairs ("**ECON**") published amendments to the text of the proposed Omnibus II Directive. The first amendment (dated 5 March) appears to be a revised version of the text that was agreed in trialogue in November 2013, while the second amendment contains additional revisions to the amended version itself.

Subsequently, on 11 March 2014, the European Parliament adopted, in plenary session, the Omnibus II Directive which completes the Solvency II Directive and finalises the new framework for insurance regulation and supervision in the EU. It is expected that the Omnibus II Directive will be formally adopted by the Council of the EU in the coming weeks before publication in the Official Journal of the EU.

The European Parliament and the Council of the EU have agreed that the Solvency II Directive (including amendments introduced by Omnibus II) should apply as of 1 January 2016.

The European Commission is now preparing for the next stage of implementation of Solvency II, which will be the adoption of Commission Delegated Acts containing a large number of detailed implementing rules.

(v) Insurance Europe Concerns over Draft Solvency II Delegated Acts

On 12 March 2014, Insurance Europe published a press release in which it has warned that the details of the EU's new Solvency II regulatory regime must be drafted correctly so as to ensure that the legislation works as intended and does not have negative consequences for the insurance industry and its customers. In particular, Insurance Europe is concerned that the Delegated Acts (which detail the implementing rules for Solvency II) deviate from the intentions of the legislators in several respects, such as long-term guarantees and third-country equivalence.

Insurance Europe has outlined the following main areas of concern:

- The method for setting the credit risk adjustment will need to be adjusted so as to ensure it is not calibrated too high and it is not too volatile;
- The methodology for setting the volatility adjustment, which is applied to portfolios that do not meet the matching adjustment criteria, lacks detail and requires further improvement to ensure the calibration does not deviate from the decisions made in Omnibus II;
- The matching adjustment, which is applied to portfolios with very strict criteria, was designed to recognise the economic benefits of having highly matched long-term assets and liabilities. A number of improvements and clarifications are required to ensure that it works as intended;
- Adjustments will need to be made to extrapolation methods and calibrations, as well as to how these interact with the interest rate stress test, so as not to add significant unnecessary costs particularly for long-term products;
- The risk charges for long-term investments, such as infrastructure projects, investment in small and medium-sized enterprises and securitisations, are unnecessarily high;
- The Delegated Acts negate the provisions on granting provisional equivalence to third-country regimes that are important to Europe's internationally active groups;
- The text for determining the capital charges for currency risk is flawed as it penalises entities for meeting local solvency capital requirements and creates incentives for poor currency management; and
- Unnecessary and costly restrictions on the classification of and limits to own funds need to be removed.

The press release can be accessed via the following link:

http://www.insuranceeurope.eu/uploads/Modules/Newsroom/140312-draft-solvency-ii-delegated-acts-dilute-aims-of-eu-legislators.pdf

EIOPA Update

(i) EIOPA Updates Questions & Answers ("Q&A") on Submission of Information to NCAs

On 12, 19 and 26 February and 14 March 2014, EIOPA updated its Q&A on its Guidelines on Submission of Information to NCAs in respect of the preparatory phase leading up to the application of the Solvency II Directive. The new questions are as follows:

- Questions 24 to 25 deal with Solvency II quantitative reporting templates ("**QTRS**") for market risk and, particularly, interest rate risk;

- Questions 26 to 29 deal with reporting of assets and whether certain countries should be included when reporting data;

- Question 30 deals with reporting on interest rate options and future contracts in the S.08.01 template; and

- Questions 31 to 45 deal with specific questions relating to the completion of various templates and raises the question as to whether the final set of QTRS will be made available at the latest by 1 July 2014.

The full Q&A can be accessed via the following link:

https://eiopa.europa.eu/publications/eiopa-guidelines/qa-on-eiopa-guidelines/answers-to-questions-on-submission-of-information-to-ncas/index.html

(ii) EIOPA Updates Risk Dashboard

On 20 March 2014, EIOPA published an updated version of its Risk Dashboard along with a related Background Note. The 2014 release of the Risk Dashboard is based on Quarter 4, 2013 indicators submitted on a best efforts basis and is aimed to express the overall European situation and hence does not address country specific issues.

The Risk Dashboard lists the following key points:

- The macroeconomic conditions in European countries have improved but remain still fragile. The main vulnerabilities are the high level of government debt and unemployment, on-going pressure from the European debt crisis, subdued economic growth in the Euro Area and differences between the European economies (market fragmentation);
- Liquidity and funding risks have increased since the last review, as lapses are increasing. A slight tendency towards less liquid investments can be seen where insurers are opting for these investments to offset current low yields;
- Credit risk is still high. Local European government bonds remain the first choice to match insurance liabilities and hence susceptibility to the deterioration in local economic and financial conditions persist;
- A rapid change of profitability is unlikely. On the one hand, insurers' earnings are affected by additional reserving requirements imposed by some national supervisors in the face of low interest rates. On the other hand, reserves are lowered by some other jurisdictions;
- Solvency II implementation will not be in place until 2016;
- Interlinkages/Imbalances still create uncertainties. Contagion risks from banks and sovereigns remain. Sovereign downgrades in the current environment cannot be ruled out;

- The effects of the floods in Central and Eastern Europe in early 2013 and the severe hailstorms in Northern Germany in late 2013 and other events are not fully known yet. However, according to first estimates, 2013 global insured catastrophe losses were below losses in 2012.

A copy of the Risk Dashboard and a copy of the related Background Note are available at the following links, respectively:

https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/fin-stability/Risk_Dashboard/EIOPA-FS-14-028_EIOPA_Draft_Risk_Dashboard_March_2014.pdf;

https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/fin-stability/Risk_Dashboard/EIOPA_Risk_Dashboard_March_2014_-_Background_Note.pdf.

(iii) EIOPA Publishes Guidelines on Complaints-Handling by Insurance Intermediaries

On 27 March 2014, EIOPA published Guidelines on Complaints-Handling by Insurance Intermediaries (the "**Guidelines**") which apply to the NCAs in each EU Member State responsible for supervising complaints-handling by insurance intermediaries. The Guidelines cover the minimum processes insurance intermediaries should have in place to deal with complainants fairly and address the following topics:

- Complaints management policy;
- Complaints management function;
- Registration;
- Reporting;
- Internal follow-up of complaints-handling;
- Provision of information; and
- Procedures for responding to complaints.

EIOPA states that NCAs should take a proportionate approach when applying these Guidelines. In other words NCAs will need to take into account the nature and size of insurance intermediaries and whether insurance mediation is their principal professional activity or a secondary activity.

A copy of the Guidelines is available at the following link:

https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/EIOPA-BoS-14-043_One_Minute_Guide_on_Complaints_Handling_by_Insurance_Intermediaries.pdf

EMIR

(i) Treatment of FX Forwards under EMIR

The Central Bank published guidance on its website relating to the treatment of FX Forwards under EMIR earlier this year. In particular the Central Bank's website provides that;

"It is our understanding that all FX transactions with settlement beyond the Spot date are to be considered Forward contracts and therefore fall within the definition of a derivative as provided for under EMIR and will be subject to the reporting obligation.

On the basis that for the vast majority of currency pairs the market convention for settling Spot transactions is T+2, it is reasonable to treat any trade with settlement T+3 or greater as a Forward transaction (except in those rare cases where the market convention for the specific currency pair is unequivocally different form T+2)".

At the time of writing, different regulators across the European Union are treating FX Forwards differently under EMIR. The reason for these diverging approaches is the fact that a derivative under EMIR is defined by reference to Directive 2004/39/EC (the "MiFID Directive") and Member States transposed the MiFID Directive differently; i.e. different transpositions of the MiFID Directive across Member States mean that there is no single, commonly adopted definition of a derivative or a derivative contract in the European Union.

In light of these divergences, ESMA published a letter (dated 14 February 2014) which it wrote to the European Commission whereby it asked the European Commission to clarify the exact definition of what constitutes a forward for EMIR purposes, in particular for FX forwards with a settlement date up to 7 days and FX Forwards concluded for commercial purposes. In addition, ESMA invited the European Commission to adopt as a matter of urgency an implementing act under the MiFID Directive (or any other measure that the European Commission considers appropriate) to clarify the definition of derivative or derivative contract in order to bring consistency to the application of EMIR across all Member States.

On 20 March 2014, ESMA published a letter (dated 26 February 2014) which it received in response to its letter of 14 February 2014 regarding the classification of financial instruments as derivatives. The European Commission states that it shares ESMA's view in favour of a fully consistent transposition of the relevant MiFID provisions (and consequently EMIR) throughout the European Union. In its letter, the European Commission concluded that FX Forwards are in scope for the purposes of the MiFID Directive and EMIR even if concluded for commercial purposes. The European Commission acknowledged that there is a lack of clarity about the delineation between FX forward contracts and FX spot contracts under MiFID. The European Commission did not provide any additional clarity on the matter, but undertook to look into how best to provide this clarity. In this regard, the European Commission stated that they would need to carefully consider which delivery periods are appropriate in the FX Forwards market and invited ESMA to provide further insight on certain areas.

The European Commission's letter can be found here:

http://www.esma.europa.eu/system/files/ares2014513399_ec_response_on_classification_of_financial_instruments.pdf.

(ii) ISDA Reporting Delegation Agreement

On 13 January 2014, the International Swaps and Derivatives Association ("**ISDA**") and the Futures and Options Association ("**FOA**") jointly published a form of a reporting delegation agreement (the "**Agreement**"). The Agreement is designed to help market participants comply with the reporting requirements of EMIR by providing a bilateral standard form of reporting delegation agreement whereby a reporting delegate may, on a client's behalf, report relevant data to a trade repository (or indeed to ESMA if required). Therefore, the Agreement may form the basis of documenting the delegation of reporting.

The Agreement covers a range of areas including the process by which reporting errors are corrected, how trade repositories are selected, the role of third parties in reporting data and the liability of parties involved when executing the Agreement. The Agreement is available on the ISDA website.

(iii) ESMA Updates Q&A on EMIR

Since our last update ESMA has updated its Questions and Answers Document on the implementation of EMIR (the "**Q&A**") on 11 February 2014 and again on 20 March 2014. The updated Q&A clarifies, amongst other things, issues relating to reporting to trade repositories (such as how to construct and generate Unique Trade Identifiers, reporting empty or unavailable fields and the unique product identifier taxonomy), the scope of the risk mitigation measures and offers further clarity around the intragroup transaction exemptions process.

The latest version of the Q&A can be found here:

http://www.esma.europa.eu/system/files/2014-297_qa_vii_on_emir_implementation_20_march_14_0.pdf.

(iv) Regulatory Technical Standards ("RTS") relating to Non-EU Counterparties and Delegated Regulation on Contracts Having a 'Direct, Substantial and Forseeable Effect' in the EU

EMIR provides that the clearing obligation and the obligations relating to the risk mitigation measures for non-centrally cleared trades may apply to OTC derivatives entered into between third country entities ("TCEs"). Where TCEs enter into OTC contracts, the EMIR clearing obligations and the risk mitigation measures will apply both;

(a) Where the contract has a direct, substantial and foreseeable effect within the EU; and
(b) Where such an obligation is necessary or appropriate to prevent the evasion of any provisions of EMIR.

In light of these requirements, ESMA submitted draft RTS specifying contracts that are considered to have a direct, substantial and foreseeable effect within the EU and to prevent the evasion of rules and obligations of EMIR to the European Commission on 15 November 2013. On 13 February 2014, the European Commission updated its webpage on EMIR to announce that it has adopted these RTS without modification.

The RTS clarify that EMIR's clearing and risk mitigation requirements will apply to transactions between TCEs when rules in both jurisdictions are not considered to be equivalent to EMIR and either (a) one of the two TCEs is guaranteed by an EU financial counterparty for at least €8bn of the gross notional amount of OTC derivatives entered into and for an amount of at least 5% of the OTC derivatives exposures of the EU financial counterparty; or (b) both TCEs execute the transaction via their EU branches.

In addition, the RTS provide that an OTC derivative contract will be deemed to have been designed to circumvent the application of EMIR if the way in which it has been concluded is considered, when viewed as a whole, to have as its primary purpose the avoidance of the application of any provision of EMIR. An OTC derivative contract will be considered as having for primary purpose the avoidance of any provision of EMIR if the primary purpose of an arrangement related to the contract is to defeat the "object, spirit and purpose of" any provision of EMIR that would otherwise apply including when it is part of an artificial arrangement or artificial series of arrangements. An arrangement that intrinsically lacks business rationale, commercial substance or relevant economic justification and consists of any contract, transaction, scheme, action, operation, agreement, grant, understanding, promise, undertaking or event shall be considered an artificial arrangement.

On 21 March 2014, the European Commission published delegated Regulation (Regulation 285/2014) supplementing EMIR with regard to RTS specifying the contracts that are considered to have a direct, substantial and foreseeable effect within the EU, and to prevent the evasion of rules and obligations (the "**Delegated Regulation**") in the Official Journal. The Delegated Regulation will enter into force 20 days after the date of its publication in the Official Journal (i.e. on 10 April 2014). However, Article 2 of the Delegated Regulation will apply until 10 October 2014.

(v) NASDAQ OMX - First European Central Counterparty ("CCP") Re-authorised under EMIR

Nasdaq OMX became the first European CCP to be re-authorised under EMIR on 18 March 2014. In accordance with the procedure laid out under Article 5(1) of EMIR, ESMA was notified by the Swedish national competent authority (Finansinspektionen) on 18 March 2014 of Nasdaq OMX's re-authorisation and of the classes of financial instruments Nasdaq OMX was authorised to clear. Further information around Nasdaq OMX and the financial instruments it is authorised to clear was recently published by ESMA and is available on their Public Register under the post-trading section:

http://www.esma.europa.eu/page/Registries-and-Databases.

In line with the clearing obligation procedure set out in Article 5(2) of EMIR, ESMA now has up to six months from the time of the notification to decide whether to recommend a clearing obligation for any of the classes of OTC derivative cleared by Nasdaq OMX. Any recommendation to impose a clearing obligation would be subject to a public consultation by ESMA. If any clearing obligation is imposed, frontloading could apply as set out in Article 4 of EMIR depending on the minimum residual maturity of the relevant derivative contracts.

(vi) Consultation on Member States Discretions in EMIR

The Minister for Finance, Mr. Michael Noonan, T.D. invited interested parties to make submissions in relation to certain Member States discretions contained in EMIR. The consultation period closed on 14 March 2014 and requested submissions relating to;

- The treatment of certain FX Forwards and certain commodity forwards – where there is concern that the Central Bank is applying a stricter approach to what is captured than what is expected by ESMA;
- The designation of the Central Bank as the NCA;
- Statements of Compliance with EMIR;
- Skilled Persons Report; and
- Administrative Sanctions for infringements of EMIR.

It is proposed to adopt implementing regulations as soon as possible to address matters raised in the consultation process.

Payment Protection Insurance Review Report

On 7 March 2014, the Central Bank reported on the review (the "**Review**") into the sales of Payment Protection Insurance ("**PPI**") by eleven credit institutions.

Inspections by the Central Bank in 2011 raised concerns that credit institutions had not complied with the Consumer Protection Code (the "**Code**") during the PPI sales process and therefore the eleven credit institutions were instructed to review their sales of PPI for compliance with the Code.

The aim of the Review was to identify any instances where the Code was not complied with in respect of the sale of PPI by credit institutions and, where identified, to provide a straightforward mechanism for premiums, plus interest, to be refunded to customers. In the case of policies still open at the time of the Review, consumers were given the option of keeping the policy rather than getting a refund, reflecting that while the sale may not have been conducted correctly at the time, the product may now be suitable for the consumer.

Credit institutions included in the Review were required to demonstrate that their PPI sales were in compliance with the Code. This included requirements to assess and evidence suitability and eligibility and to check that claims were not declined for reasons which the seller should have identified during the sales process. Sales were also failed and refunds required where there were deficiencies in systems indicating potential Code failures.

The summary report issued by the Central Bank includes that credit institutions could not demonstrate compliance with the Code in 22% of sales subject to the Review and therefore these sales failed the Review. This resulted in refunds of €67.4 million, including interest of €4.9 million, on approximately 77,000 policies sold since 1 July 2007. The summary also identifies the reasons why sales failed as the followings:

- Eligibility;
- Suitability; and
- Inability to demonstrate compliance with the Code, e.g. poor record keeping.

A copy of the Review is available at the following link:

http://www.centralbank.ie/press-area/press-releases/Documents/140307%20Summary%20Report%20of%20the%20PPI%20Review.pdf.

Update on IMD2

(i) European Parliament Votes in Plenary to Adopt Amendments to IMD2

On 26 February 2014, the European Parliament published a press release announcing that it has voted in plenary to adopt amendments to the proposed Directive amending the Insurance Mediation Directive (2002/92/EC). The proposed amended Directive is known as IMD2.

The European Parliament was voting on amendments set out in the report on IMD2 adopted by the Committee on Economic and Monetary Affairs ("**ECON**") in January 2014.

The European Parliament did not vote on IMD2 as a whole. According to the press release this was to "reaffirm its position while leaving open the possibility of negotiating a first-reading agreement with the Council".

On 27 February 2014, the European Parliament published the text of the amendments to the European Commission's proposal for IMD2.

The European Parliament's report introduces a recital seeking to "ensure alignment" between IMD2 and the revised Markets in Financial Instruments Directive (MiFID II). The exact details of what is meant by this alignment are uncertain, however the European Parliament agreed that this would need to be worked out during trialogue negotiations on IMD2.

The final text of IMD2 will need to be agreed in trilogue negotiations by the European Commission, Council of the European Union and the European Parliament.

(ii) Insurance Europe Concerns about IMD2

On 27 February 2014, Insurance Europe published a press release commenting on the European Parliament's Report on the proposals to revise IMD2.

Insurance Europe welcomes the confirmation in the European Parliament's report of the Member State option established in the recent trialogue agreement on MiFID II that will allow each Member State to decide whether to prohibit or further restrict the offer or acceptance of fees, commissions or non-monetary benefits from third parties in relation to the sale of insurance investment products. However, it believes that the European Parliament's approach of introducing a ban on tying together different products by requiring the components of a package to be offered for sale separately is inconsistent with MiFID II. Insurance Europe calls on the trialogue parties to align the IMD2 requirements on tying with those in MiFID II to avoid an unlevel playing field between insurance and investment products.

Insurance Europe is also concerned that the European Parliament's report requests the disclosure of information about whether insurers' employees receive any variable remuneration as well as "relevant quantitative elements" of such variable remuneration. While Insurance Europe fully supports the provision of better and meaningful information to help consumers to make informed decisions when purchasing insurance, it stresses that these disclosures would only distract insurance buyers from more relevant information, such as the coverage and exclusions outlined in their policies.

The full text is available at the following link:

http://www.insuranceeurope.eu/uploads/Modules/Newsroom/140227-statement-imd-2.pdf

Financial Services Ombudsman

(i) FSO Publishes Bi-Annual Review

On 26 February 2014, the Financial Services Ombudsman ("**FSO**") published his office's Bi-Annual Review (the "**Review**") covering the period from July to December 2013. The Review shows the trend in complaints made during the second half of 2013 and also contains information about findings issued against individual financial service providers for the period September to December 2013.

The main findings of the Review were as follows:

- 3,042 complaints were made to the FSO in the second half of 2013, a 35% decrease from the first half of the year;
- The sale of Payment Protection Insurance ("**PPI**") made up 45% of all insurance complaints in 2013;
- 2,983 findings were issued by the FSO during 2013;
- Of the findings issued in the second half of 2013, 78% were not upheld;
- Despite reduced numbers in total complaints received, the number of complaints requiring formal investigation by the FSO increased by 8% on 2012 figures; and
- The new reporting powers given to the FSO, combined with new procedures introduced by the FSO, have contributed to an improvement in the complaint handling for the second half of 2013.

The Review may be viewed via the following link:

https://financialombudsman.ie/documents/Bi-Annual_Review_2013-July-Dec.pdf

(ii) Central Bank Act 1942 (Financial Services Ombudsman Council) Complaint Information Regulations 2014

On 28 February 2014, the Financial Services Ombudsman Council published the Central Bank Act 1942 (Financial Services Ombudsman Council) Complaint Information Regulations 2014 (the "**Regulations"**).

The Regulations set out that the information specified in Section 57BS(6) of the Central Bank Act 1942 (the "**Act**") may be given in a report (in table format) published under Section 57BS(1) of the Act in respect of every regulated financial service provider falling within Section 57BS(5) of the Act and must include the following categories:

- Name of Regulated Financial Services Provider (to include any trading name if different);
- Member of Business Group (where applicable);
- Number of Complaints – Substantiated; and
- Number of Complaints – Partly Substantiated.

The table must list those regulated financial service providers who have had at least three complaints against them found to be substantiated or partly substantiated.

Moreover, the table may be divided into some or all of the categories set out below and each regulated financial service provider included in the table must be included in the category deemed by the FSO to be most appropriate to that regulated financial services provider:

(a) Banking;
(b) Insurance;
(c) Investment.

The Insurance category may be divided into some or all of the following sub-categories:

(a) Commercial;
(b) Critical/Serious Illness;
(c) Household Buildings;
(d) Income Protection;
(e) Life;
(f) Medical Expenses;
(g) Mortgage Protection;
(h) Payment Protection;
(i) Motor;
(j) Travel;
(k) Other.

In addition, the information contained in the table may be incorporated into the FSO's Bi-Annual Review and Annual Report and be made available on the FSO's website.

The Central Bank Act 1942 (Financial Services Ombudsman Council) Complaint Information Regulations 2014 may be viewed at the following link:

http://www.irishstatutebook.ie/pdf/2014/en.si.2014.0097.pdf

(iii) Central Bank Act 1942 (Financial Services Ombudsman Council) Levies and Fees (Amendment) Regulations 2014

On 21 March 2014, the Financial Services Ombudsman Council published the Central Bank Act 1942 (Financial Services Ombudsman Council) Levies and Fees (Amendment) Regulations 2014 (the "**Regulations"**). These Regulations amend the Central Bank Act 1942 — Financial Services Ombudsman Council — Levies and Fees Regulations 2013 (S.I. No. 477 of 2013) and provide for a scheme of levies on regulated entities to fund the operation of the Financial Services Ombudsman's Bureau for the year ended 31 December 2014.

A copy of the Regulations is set out below:

http://www.irishstatutebook.ie/pdf/2014/en.si.2014.0137.pdf

Insurance Contract Law: Expert Report Pinpoints Obstacles to Cross-Border Trade

On 27 February 2014, the European Commission issued a press release announcing that the Expert Group set up by the European Commission to examine barriers to cross-border trade in insurance law across Member States had delivered its report on cross border trade.

The Expert Group on European Insurance Contract Law was tasked with identifying if and to what extent contract law differences hinder cross-border provision and use of insurance products. Composed of 20 members from 12 Member States and with different occupational experiences, the Expert Group held ten meetings in 2013 and 2014.

The main findings of the Expert Group are as follows:

- In the case of certain life, motor and liability insurance products sold to consumers, insurance companies have to adapt their contracts to the national rules where the policyholder is based. This means they have to develop new contracts to comply, for instance, with rules on pre-contractual information.

- Contract law differences impede the supply of insurance products across borders due to increased costs and legal uncertainty. In addition such contract law differences make it challenging for consumers and businesses who are based in one Member State and who wish to take out insurance in another Member State.

- Contract law obstacles are found primarily in the sector of life insurance, as well as areas such as liability and motor insurance. The report finds that problems are less likely to occur in insurance for large risk markets if linked to a trade or certain insurances for bigger companies – such as in the area of transport insurance.

The full report can be accessed via the following link:
http://europa.eu/rapid/press-release_IP-14-194_en.htm

Insurance Europe

In February 2014, Insurance Europe published "European Insurance in Figures", a report in which data on the performance of the insurance industry in Europe in 2012 are provided (the "**Report**").

The European insurance industry is the largest in the world with a share of 33% of the global market. The Report notices that the economic environment in which European insurers operate remained a challenging one in 2012, despite visible improvements in financial markets. Continued low interest rates and the limited capacity of households to allocate funds to discretionary spending remained the two most significant headwinds faced by the industry.

The findings of the Report are as follows:

- **Gross written premiums** –Total gross written premiums amounted to €1,093bn in 2012, corresponding to a slight decrease year-on-year of 0.3%, which followed a decrease of 2.4% in 2011. European life premiums, which accounted for 59% of all premiums written in Europe, fell by 1.2% in 2012 to €643bn. This followed a drop of 6% in the previous year. The four largest markets continued to be the UK, France, Germany and Italy, which together accounted for around 70% of all life premiums written in Europe in 2012.

  European non-life premiums amounted to €451bn in 2012, which constitutes an increase of 1.1% compared to 2011.

- **Benefits and claims paid** –Total benefits and claims paid by insurers to their customers amounted to €948bn in 2012, a 1.4% increase year-on-year. This was primarily due to the increase in life insurance benefits paid in Europe: up 3% in 2012 to €647bn, following a more significant increase of 11% in 2011. The UK, Germany, France and Italy continued to account for three quarters of European life benefits paid. Total benefits and claims paid in non-life insurance remained largely stable in 2012, amounting to €302bn, with higher property claims balanced out by lower motor claims.

- **Insurance density and penetration** – In 2012 an average of €1,843 per capita was spent on insurance in Insurance Europe's full member countries. Of this, €1,083 was spent on life insurance (less than the €1,102 spent in 2011) and the remaining €760 on non-life insurance, of which €190 was on health.

- **Insurers' investment portfolio** –The total assets held by Europe's insurance companies increased by 8.6% in 2012, from €7.6trn to €8.4trn, mainly due to the generally positive performance of financial markets (both equities and debt-like assets). More than 60% (€5.2trn) of European insurance assets were held in portfolios in France, the UK and Germany. At the end of 2012 these three countries registered quite significant increases in their assets under management.

- **Companies** – The negative trend in the number of companies operating in Europe that began in 2010 continued in 2012, with a 1.4% decrease to slightly more than 5,300 firms. The key drivers of this overall decline were reductions in the number of insurance companies in some of the larger European markets.

- **Distribution channels** – Bancassurance remains as the main distribution channel for the life insurance market in Europe, followed by brokers, agents and direct writing. Bancassurance accounted for more than 70% of premiums in Portugal and in Italy, more than 60% in France and more than 50% in Austria. On the other hand, its use as a distribution channel remains limited in the UK and Germany.

  For the non-life market, agents continued to be the main distribution channel in Europe followed by brokers, direct writing and bancassurance. Agents continued to be the largest suppliers of non-life insurance products in Germany, Italy and Spain. Brokers predominated in the UK and Belgium, whereas direct writing prevailed in the Netherlands, Finland and Croatia.

A link to the report is available below:

http://www.insuranceeurope.eu/uploads/Modules/Publications/european-insurance-in-figures-2.pdf

Pensions Update

(i) The Pensions Board Publishes DC Consultation Synopsis Paper

On 6 February 2014, the Pensions Board published a synopsis of the main points made in submissions it received in response to its consultation paper on the future structure and regulation of defined contribution ("**DC**") pensions (the "**Synopsis Paper**").

During the consultation period which ran from August to October 2013, the Pensions Board held public meetings in Dublin and Cork to discuss the matters raised in the consultation paper. The meetings were very well attended and were followed by 44 written submissions to the Pensions Board of which 6 were from individuals and 38 were from organisations/schemes.

The Synopsis Paper addresses matters considered by the Pension Board regarding trusteeship, regulation, investment, disclosure and value for money. No definitive conclusions have been drawn by the Pensions Board at this point and the next stage of the process will involve a detailed consideration of all of the points made in the submissions which will further inform the Pension Board's views on the future direction of DC pensions.

The Pension Board will continue to analyse the submissions and in due course prepare a report for the Minister for Social Protection with its recommendations.

The Synopsis Paper is available at the following link:

http://www.pensionsboard.ie/en/News_Press/News_Press_Archive/DC_Consultation_Synopsis_Paper.pdf

(ii) The Pension Board is Renamed the Pensions Authority

The name of the Pensions Board changed with effect from 7 March 2014 and it shall now be known, in the English language, as the Pensions Authority or, in the Irish language, as An tÚdarás Pinsean.

The Minister for Social Protection, Joan Burton, T.D. signed the commencement order with effect from 7 March 2014 for the Pensions Authority as provided for under the Social Welfare and Pensions (Miscellaneous Provisions) Act 2013. References in that act or in any other enactment to the Pensions Board shall now be construed as references to the Pensions Authority.

Oversight of the Pensions Authority will be provided by a three-person board, comprising:

- Ms. Jane Williams as Authority chair;

- Dr. Orlaigh Quinn, Assistant Secretary in the Department of Social Protection, who will represent Minister Burton; and
- Ms. Ann Nolan, Second Secretary in the Department of Finance, who will represent Finance Minister Michael Noonan.

The post of Chief Executive of the Pensions Authority is also renamed as the Pensions Regulator. The Pensions Regulator will continue to perform the Chief Executive functions of the Pensions Authority. The Pensions Authority retains all of the functions of the Pensions Board.

The website and all email addresses will change to incorporate the new name over time, e.g. @pensionsauthority.ie. All existing @pensionsboard.ie email addresses will continue to be valid in the meantime.

The FAQs on the changeover to the Pensions Authority can be found at the following link:

http://www.pensionsboard.ie/en/News_Press/News_Press_Archive/FAQ_on_changeover_to_Pensions_Authority.pdf

(iii) EIOPA Issues a Report on the Creation of a Single Market for Personal Pensions

On 19 February 2014, the European Insurance and Occupational Pensions Authority ("**EIOPA**"), at the request of the European Commission, issued a report on the prudential regulations and consumer protection measures needed to create a single market for personal pensions.

EIOPA has identified two main options for creating the single market for personal pensions:

- Option one is to introduce common EU rules for all existing and future personal pensions by way of a Directive, providing for enhanced consumer protection requirements to cover the whole spectrum of existing products.

- Option two is to introduce a European Regulation that accommodates the tax regimes and other differences across Member States. It should enable transferability of accumulated capital and highly standardised product rules.

The findings of EIOPA's analysis of these options support a proposal to establish both a Directive and a Regulation.

The two options listed above were identified by EIOPA in consideration of the outcomes of EIOPA's analysis, which has revealed that taxation, social law as well as difficulties in the area of harmonisation of contract law appear to be the most significant hurdles.

EIOPA's press release announcing the publication of the report on the creation of a single market for personal pensions is available at the following link:

https://eiopa.europa.eu/fileadmin/tx_dam/files/pressreleases/2014-02-19_Personal_pensions.pdf.

The complete report, titled "Towards an EU single market for personal pensions - An EIOPA Preliminary Report to COM", may be found here:

https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/reports/EIOPA-BoS-14-029_Towards_an_EU_single_market_for_Personal_Pensions-_An_EIOPA_Preliminary_Report_to_COM.pdf.

(iv) Proposal for a Directive on the Activities and Supervision of Institutions for Occupational Retirement Provision (Recast)

On 27 March 2014, a proposal for amending Directive 2003/41/EC on the activities and supervision for occupational retirement provision ("**IORPs**") was published with a view to making those institutions better governed, more transparent and increasing their cross-border activity, thereby strengthening the internal market. This proposal has four specific objectives:

- Removing remaining prudential barriers for cross-border IORPs, notably by requiring that the rules on investment and disclosure of information to members and beneficiaries are those of the home Member State, as well as by clarifying procedures for cross-border activities and clearly defining the scope of action of home and host Member State;
- Ensuring good governance and risk management;
- Providing clear and relevant information to members and beneficiaries; and
- Ensuring that supervisors have the necessary tools to effectively supervise IORPs.

The link to the proposal to amending the IORP Directive is set out below:

http://ec.europa.eu/internal_market/pensions/docs/directive/140327_proposal_en.pdf

Memorandum of Understanding on Flood Defence Data

On 24 March 2014, Mr. Brian Hayes, TD, Minister of State at the Department of Public Expenditure and Reform with special responsibility for the Office of Public Works ("**OPW**"), together with Mr. Kevin Thompson, CEO of Insurance Ireland announced details of a Memorandum of Understanding ("**MoU**") between the OPW and Insurance Ireland on the exchange of information on flood defence works.

The MoU outlines the principles of agreement between the OPW and Insurance Ireland on the information being provided and how it will be used by the insurance industry. The Office of Public Works will provide Insurance Ireland with data on all completed OPW flood defence schemes which will show the design, extent and nature of the protections offered by these works. Insurance Ireland members will then take into account all information provided by the OPW when assessing exposure to flood risk within these areas from 1 June 2014.

This MoU is the outcome of on-going discussions between the OPW and Insurance Ireland on the provision of information on completed OPW flood defence schemes in line with Insurance Ireland requirements so that insurers can take this information fully into account when assessing risk in respect of private dwellings and small businesses.

OPW has provided details of 12 schemes to Insurance Ireland as follows: Clonmel (River Suir); Dublin (River Dodder Tidal); Dublin (River Tolka); Dublin Fingal (River Tolka); Duleek (River Nanny); Dunmanway (River Bandon); Ennis (River Fergus Upper); Fermoy (River Blackwater); Kilkenny City (River Nore); Meath (River Tolka); Mornington (River Mornington); and Tullamore (River Tullamore).

The use of the information by Insurance Ireland members will commence on 1 June 2014 to allow time for the data to be integrated into insurers' systems.

Further information can be found at the following link:

http://www.insuranceireland.eu/news-publications-and-events/news-press-release/minister-brian-hayes-and-insurance-ireland-announce-memorandum-of-understanding-on-flood-defence-data

IAIS

On 21 March 2014, the International Association of Insurance Supervisors ("**IAIS**") published several documents in relation to basic capital requirements ("**BCR**") for global systemically important insurers ("**G-SIIs**"), as follows:

- A Summary of Feedback from Consultation on BCR for G-SIIs (16 Dec 2013 – 3 Feb 2014). This includes the following contents: Objective of BCR; Principles/Approach in Development; Interaction with Other Capital Requirements; Timeframe; Factor-Based Approach; Segmentation; Diversification & Risk Mitigation; Accounting & Valuation Approach; Off-Balance Sheet Items; Discount Curves; Insurance Liabilities; NTNI; Capital Resources.

- A Document titled "Resolution of Main Issues from the Comments on Basic Capital Requirements for Global Systemically Important Insurers" (dated 18 March 2014). The Resolution underlines the IAIS's comments on the main issues raised by respondents to the

December 2013, which mostly concern the role and objective of BCR, principles and approach to BCR development, interaction with other capital requirements, segmentation, accounting and valuation approach, and capital resources. It is also mentioned that the BCR field testing process commenced on 21 March 2014 and that a second public consultation on the BCR will be held after the field testing.

- An Update on BCR development (dated 18 March) 2014.

The IAIS published a framework of policy measures for G-SIIs in July 2013.

The Summary, Resolution and Update may be found at the following link:

http://www.iaisweb.org/Supervisory-Material/Financial-Stability-Macroprudential-Policy-Surveillance-988

Market Abuse

(i) Market Abuse Reform

On 4 February 2014, the European Parliament voted to adopt the proposed new Directive on criminal sanctions for market abuse ("**CSMAD**"). Once the CSMAD has been published in the Official Journal, which is expected to take place in June 2014, Member States will have two years to implement the CSMAD into national law.

The adoption of CSMAD means that:

- There will be common EU definitions of market abuse offences such as insider dealing, unlawful disclosure of information and market manipulation;
- There will be a common set of criminal sanctions including fines and imprisonment of four years for insider dealing/market manipulation and two years for unlawful disclosure of inside information;
- Legal persons (companies) will be held liable for market abuses;
- Criminal sanctions will be imposed for inciting, aiding and abetting market abuse, as well as for attempts to commit such offences;
- Member States will have to take the necessary measures to ensure that market abuse offences are subject to criminal sanctions and establish jurisdiction for these offences if they occur in their country or if the offender is a national; and
- Member States will need to ensure that judicial and law enforcement authorities dealing with market abuse offences are well trained.

Also on 4 February 2014, the European Commission published a set of FAQs on the CSMAD. The following questions are answered in the FAQs:

- Why are criminal sanctions needed for market abuse?
- How are criminal offences defined at EU level?
- Why was the existing Market Abuse Directive ("**MAD**") reviewed?
- Why is there a separate Directive on Criminal Sanctions for Market Abuse?
- Which offences will be subject to criminal sanctions?
- What are the levels and types of criminal sanctions required?
- When would a market abuse offence be sanctioned by criminal law and when by administrative law sanctions?
- How does the market abuse legislation tackle the abuse of benchmarks, such as LIBOR?
- What are benchmarks and how are they dealt with in the CSMAD?
- Why is the manipulation of benchmarks a cause for concern?
- What are the next steps in the adoption of the proposal for a Directive?

The CSMAD FAQs may be accessed via the following link:

http://europa.eu/rapid/press-release_MEMO-14-78_en.htm.

CSMAD complements a separate proposal for a Regulation on Market Abuse ("**MAR**"), which was endorsed by the European Parliament on 10 September 2013. MAR improves the existing EU market abuse legislative framework and reinforces administrative sanctions.

The MAR will:

- Prohibit market abuse occurring across commodity and related derivative markets;
- Explicitly ban the manipulation of benchmarks, such as LIBOR;
- Reinforce the investigative and sanctioning powers of regulators; and
- Extend the scope of the market abuse rules to include all financial instruments which are traded on organised platforms and over the counter.

Final adoption of the MAR will only take place after political agreement on MiFID II has been reached, since the scope and other aspects of the MAR depend on the final MiFID II text. The date as of which the MAR will apply is to be aligned with that of MiFID II.

MAR and CSMAD will replace the Market Abuse Directive (2003/6/EC).

(ii) Central Bank Issues Recommendations Arising out of Themed Review on the Monitoring and Reporting of Suspicious Transactions

On 7 January 2014, the Central Bank issued an Industry Letter, setting out observations and recommendations ("**Recommendations**") arising from its 2013 themed review of firms on the monitoring and reporting of suspicious transactions (the "**Themed Review**").

The Central Bank observed in their Themed Review that firms' Compliance Departments are generally familiar with market abuse legislation, but that key front-line staff may not be paying sufficient attention to the regulatory requirements in relation to the filing of Suspicious Transaction Reports ("**STRs**"), noting that the number of STRs being submitted to the Central Bank is low.

The Recommendations are as follows:

<u>Monitoring</u>

- Compliance Departments should monitor telephone interaction between staff and clients and this should include testing around price-sensitive announcements;
- Firms should refine parameters used for electronic market monitoring systems to ensure that these are adapted appropriately to the trading patterns and characteristics of individual stocks;
- Firms should specify in writing and communicate to staff, their evaluation policy, process and record-keeping requirements with regard to alerts generated by automated detection systems;
- In line with ESMA guidelines on monitoring of automated trading, compliance personnel that are responsible for assessing alerts generated by automated systems should be sufficiently knowledgeable of trading patterns and strategies so that they can independently evaluate explanations provided by front-line staff and by Direct Market Access clients;
- Firms should ensure, as part of their standard procedures, that potentially suspicious incidents identified by staff are made known to their Compliance Departments;
- Firms should ensure that all telephone orders are placed by clients directly to the firm's offices on its recorded lines;

<u>Training</u>

- Firms should be in a position to demonstrate that dedicated market abuse training is delivered to all relevant staff on an annual basis. This training should cover, inter alia, (a) specific guidance on the purpose of the Market Abuse (Directive 2003/6/EC) Regulations 2005, (b) how to spot possible incidents of market abuse and (c) internal procedures in relation to follow-up on suspicious transaction reports;

Investigation Process and Record Keeping

- Firms should specify format and content for records of all internal investigations and maintain these (in accordance with ESMA guidelines and recommendations);

Policy Review/Sign-off

- Policy and procedure documents should show the creation date and the date of most recent revision, together with approval signatures. A maximum review interval of eighteen months is recommended, however any relevant changes in legislation should be incorporated and recorded in the policy and procedure document when they occur.

The Central Bank has stated that it expects firms to adopt these Recommendations as a matter of good practice.

Transparency Directive

ESMA has published a consultation paper on Draft Regulatory Technical Standards ("**RTS**") on major shareholdings and an indicative list of financial instruments subject to notification requirements under the revised Transparency Directive. The revised Transparency Directive (2013/50/EC) was published in the Official Journal of the European Union on 6 November 2013 and entered into force on 27 November 2013.

The consultation paper covers two main subjects, namely 1) the RTSs on major shareholdings; and 2) the establishment of an indicative list of financial instruments which are subject to the notification requirements laid down in Article 9 of the Transparency Directive.

ESMA has invited comments on all matters in the consultation paper and in particular on the specific questions summarised in Annex I. ESMA will consider all comments received by 30 May 2014.
The consultation paper may be viewed via the following link:

http://www.esma.europa.eu/system/files/esma-2014-300_consultation_paper_on_draft_rts_on_major_shareholdings.pdf.

Central Bank of Ireland

(i) Central Bank Publishes a Letter Regarding Reports Supporting the Statement of Actuarial Opinion

In 2013, the Central Bank wrote to all firms designated as High Impact under its PRISM (Probability Risk and Impact System) engagement model and requested that certain amendments be made to the actuarial reports accompanying the Statement of Actuarial Opinion ("**SAO**"). The letter was very much designed to underline examples of good practice in specific areas.

On 7 February 2014, the Central Bank published a letter sent to High Impact Non-Life Firms and selected Medium-High Impact Non-Life Firms requesting additional information which must be provided in relation to the actuarial reports accompanying the SAO to be submitted in respect of the 2013 year end.

The additional details required are as follows:

1. The methodologies used to calculate the Unearned Premium Reserve;
2. The calculation of the Additional Unexpired Risk Reserve;
3. The calculation of a provision for Unallocated Loss Adjustment Expenses, also known as a Claims Handling Expense provision;
4. Actual versus Expected (A v E) Analysis;
5. Periodic Payment Orders;
6. Claims Inflation;
7. Court Awards;
8. Post Balance Sheet Events; and
9. Any other key areas of uncertainty identified during the review.

In the letter the Central Bank provided clarification on the level of information expected under each of the above headings.

A copy of the letter is available via the following link:

http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/life-insurance-companies/Documents/Letter%20to%20High%20Impact%20and%20Selected%20Med-High%20Impact%20Non-Life%20Companies%20re%20reports%20underlying%20SAOs,%20Feb%202014.pdf

(ii) Central Bank Issues a Notice on (Re)insurance Undertakings Under Section 25 Compliance Statement

On 24 January 2014, the Central Bank issued a notice to Irish authorised insurance and reinsurance (including captive) undertakings (**"(re)insurance undertakings"**) under Section 25 of the Central Bank Act 1997 (the "**Notice**") requiring those undertakings to submit a compliance statement to the Central Bank. The compliance statement relates to compliance with obligations imposed on (re)insurance undertakings under the Insurance Acts (as defined in the Insurance Act 1989), the European Communities (Reinsurance) Regulations 2006, the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2010 and the Corporate Governance Code for Captive Insurance Undertakings and Captive Reinsurance Undertakings 2011, as applicable.

The Central Bank has issued a guideline titled the "Guideline for Life Insurance Undertakings, Non-Life Insurance Undertakings and Reinsurance Undertakings - Compliance Statements" (the "**Guideline**"). As such, the Guideline prescribes the manner in which (re)insurance undertakings are required to comply with the obligation in the Notice to submit a compliance statement to the Central Bank. The compliance statement shall be comprised of the relevant forms set out in the Guideline and includes the compliance statement relating to the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2010 (the "**2010 Code**") and the Corporate Governance Code for Captive Insurance Undertakings and Captive Reinsurance Undertakings 2011(the "**2011 Code**"), as applicable. Whilst all undertakings are required to comply with the Guideline in submitting the compliance statement to the Central Bank, they may have regard to the Guidance previously issued by the Central Bank in relation to the 2010 Code and the 2011 Code.

The compliance period to which a company's submission should relate is the company's most recently concluded financial year end, and the submission date should be the date on which on the company submits its annual return to the Central Bank. The Compliance Certificates previously available online or in paper form are now redundant and companies should use the Compliance Statement prescribed in the revised Guideline to comply with their obligations.

The updated Guideline is available at the following link:

http://www.centralbank.ie/regulation/industry-sectors/insurance-companies/life-insurance-companies/Documents/Guideline%20for%20Life,%20Non%20Life%20and%20Reinsurance%20Undertakings%20-%20Compliance%20Statements.pdf

(iii) Central Bank Publishes the First 2014 Edition of the Intermediary Times

In February 2014, the Central Bank published the first 2014 edition of the Intermediary Times. This newsletter recaps the main issues identified by the Central Bank via a number of on-site themed inspections of intermediaries' selling and/or advising consumers in respect of pension policies.

The February 2014 edition contains information on the following matters:

- The Update of the Pensions Sales Process Themed Inspection, details of which are set out in section **(iv)** below;

- The Investor Compensation Company Limited ("**ICCL**") Direct Debit Facility. In order to support the National Payments Plan and improve the efficiency of the annual levy collection process, the ICCL is requesting that firms currently paying by cheque switch to pay their annual levy by Direct Debit. The Central Bank notices that, at present, almost 1,400 participants firms avail of this convenient and cost effective payment method.
  At any stage, the direct debit may be cancelled by notifying the firm's Bank and or/the ICCL. In order to sign up, firms must follow the steps below:

  - visit the ICCL website http://www.icclpayments.com/home;
  - complete the online application to sign up for the Direct Debit.

- The new Acquiring Transaction Notification Form specifically for firms authorised under the Investment Intermediaries Act 1995 (as amended). In future, notifications relating to changes in shareholding will only be accepted by the Central Bank in the new format, available at the following link:

  http://www.centralbank.ie/regulation/industry-sectors/retailintermediaries/Documents/Acquiring%20Transactions%20Form%20.pdf

The complete newsletter can be found through the following link:

http://www.centralbank.ie/regulation/industry-sectors/retailintermediaries/intermediaries-newsletters/Documents/Intermediary%20Times%20February%202014.pdf

(iv) Pension Sales Process Inspection Update

Among the topics covered in the February 2014 edition of the Intermediary Times, the Central Bank also issued feedback on a number of on-site themed inspections which focused on the process utilised by intermediaries when selling and/or advising consumers in respect of pension policies and on their compliance with the relevant provisions of the Consumer Protection Code 2012 (the "**Code**").
The main area of concern identified during the inspections related to the poor level of documentation held to demonstrate compliance with certain provisions contained in the Code.

As a result of these inspections, the Central Bank now expects that all intermediaries – including those that do not offer pensions to consumers – review their policies and procedures, systems and controls to ensure that they are fully compliant with the relevant provisions of the Code.

The Central Bank is undertaking a second phase of work in this area which will involve further engagement with some of the individual intermediary firms already inspected and possibly with other firms that were not initially inspected. The Central Bank will examine this area further and analyse cases where consumers were advised to transfer their pension policy.

The specific provisions and issues identified by the Central Bank are set out below:

- **Knowing the Consumer (Provisions 5.1 – 5.5)** – In order to be in a position to adequately assess a consumer's needs and to be able to recommend the most suitable product, it is extremely important that intermediaries gather and record all relevant information relating to a consumer to a sufficient level;

- **Statements of Suitability (Provisions 5.19 – 5.21)** – The quality of statements of suitability within intermediary firms was variable, with some sales advisors producing a higher standard than others. Some firms had not issued statements of suitability in a small number of cases, while others had not included the important notice required under Provision 5.20 in any of their statements of suitability. These intermediaries were instructed to conduct peer reviews to ensure a consistent approach was taken across the firm. Examples of poor statements were those that contained vague generic statements and did not include documentation to show evidence of how the particular product recommended by the intermediary met the consumer's i) needs and objectives; ii) personal circumstances; and iii) financial situation;

- **Disclosure of Charges (Provision 4.54)** – A number of intermediaries were unable to provide evidence of their compliance with this provision of the Code due to a failure to maintain adequate records. In addition to Provision 4.54, it is also considered good practice for the intermediary to disclose details of the different commission structures available. Under General Principle 2.6 of the Code, an intermediary must ensure it makes full disclosure of all relevant material information, including all charges, in a way that seeks to inform the customer;

- **Conflicts of Interest (Provision 3.28 – 3.29)** – Many firms were not in full compliance with this provision and some firms had no policy in place at all. A firm must notify the consumer of potential conflicts of interest which cannot be reasonably avoided, to ensure that a consumer has full knowledge of any such conflict, before entering into a contract;

- **Important Information at point of Sale when offering a PRSA (Provision 4.53)** – Intermediaries should be aware that the information contained in Appendix B of the Code may not be included with documentation provided by the Product Providers, and it is up to the intermediary to ensure that it is provided to the consumer. In addition, intermediaries must ensure that the completed declaration (Appendix C) is retained on file, when offering or recommending a non-standard PRSA;

- **Records and Compliance (Provision 11.5)** – It is very important that intermediaries retain all relevant information on each consumer file. This can aid the consumer if the original documents are damaged/misplaced or if they have further queries at a later date. By retaining such documentation/information the firm can demonstrate its compliance with the Code and other applicable legislation e.g. the Life Assurance (Provision of Information) Regulations, 2001.

More information is available at the following link:

http://www.centralbank.ie/regulation/industry-sectors/retailintermediaries/intermediaries-newsletters/Documents/Intermediary%20Times%20February%202014.pdf

(v) Central Bank Publishes Regulatory Transactions Review

On 19 February 2014, the Central Bank published issue 8 of its Regulatory Transactions Review. The Regulatory Transactions Review informs that the Central Bank has recently published its Service Standards for processing Individual Questionnaire applications and that all target turnaround times for 2013 were met.

The Regulatory Transactions Review also provides information to assist regulated entities with regards to the PCF Annual Confirmation Return.

The Regulatory Transactions Review may be accessed via the following link:

http://www.centralbank.ie/regulation/processes/fandp/serviceproviders/Documents/Regulatory%20Transactions%20Review%20Issue%208.pdf.

(vi) The Central Bank Publishes its Plans for Themed Reviews, Inspections and Enforcement Priorities for 2014

On 25 February 2014, the Central Bank published its planned series of Themed Reviews and Inspections for 2014, as well as its 2014 Enforcement Priorities. The publication of these lists by the Central Bank provides an opportunity for regulated entities to assess and raise compliance standards, where necessary, in "key risk areas" referred to on these lists.

It should be noted that themed reviews and inspections may form the basis for future regulatory or enforcement actions where breaches are identified. During 2013, the Central Bank entered into 16 enforcement settlement agreements with regulated entities, with fines totalling €6,348,215 being imposed.

Please follow the following link in order to see a Dillon Eustace update setting out the 2014 themes:

http://www.dilloneustace.ie/download/1/Publications/Regulatory%20and%20Compliance/Central%20Bank%20Themed%20Reviews%20and%20Enforcement%20Actions%2010%20March%202014.PDF.

(vii) Central Bank Publishes Consultation Paper on the Handling of Protected Disclosures (CP 79)

On 19 March 2014, the Central Bank published a consultation paper on the handling of protected disclosures by the Central Bank. The Central Bank (Supervision and Enforcement) Act 2013 (the "**Act**") introduced new provisions in relation to the making of reports to the Central Bank regarding alleged breaches of financial services legislation, which has led the Central Bank to introduce new arrangements for the receipt and handling of certain protected disclosures (i.e. reports by whistleblowers and mandatory reporting by PCFs).

The consultation paper proposes:

- The establishment of a central 'Whistleblower Desk' to deal with protected disclosures reported to the Central Bank. The desk will serve as the primary point of contact for whistleblowers wishing to make a disclosure and is seen as the most efficient and effective use of resources to adequately address the requirements of the Act and provide a robust method of managing protected disclosures;
- The Central Bank will accept anonymous disclosures, however it encourages any person making a report to provide their name and contact details;
- The Central Bank does not intend to inform whistleblowers of what action, if any, has been taken as a result of their disclosure to protect the rights of all parties in line with statutory requirements;
- Although a complaint by a consumer may sometimes fall within the definition of a protected disclosure under legislation, the Whistleblower Desk will not ordinarily treat such complaints as whistleblowing or deal with such complaints;
- The Central Bank will record all telephone calls on the dedicated whistleblower telephone line.

Submissions are invited on all aspects of the proposed policies and procedures set out in CP79. The closing date for submissions is 19 June 2014. It is intended that submissions will be published on the Central Bank website.

CP79 may be viewed via the following link:

http://www.centralbank.ie/regulation/poldocs/consultation-papers/Documents/CP79%20Handling%20of%20Protected%20Disclosures%20by%20the%20Central%20Bank%20of%20Ireland/CP79%20Handling%20of%20Protected%20Disclosures%20by%20the%20Central%20Bank%20of%20Ireland.pdf

(viii) Central Bank Feedback Statement on CP 68 – Consultation on Types of Alternative Investment Funds under AIFMD and Unit Trust Schemes under the Unit Trusts Act 1990 (including Exempt Unit Trusts)

On 28 March 2014, the Central Bank published its Feedback Statement on CP68 – Consultation on types of alternative investment funds under AIFMD and unit trust schemes under the Units Trusts Act 1990 (including Exempt Units Trusts ("**EUTs**").

This Feedback Statement will need to be considered carefully by pension providers of EUTs to assess whether or not they are providing EUT arrangements which need to be authorised by the Central Bank.

The Central Bank's analysis indicates that providers of EUTs which are not established strictly for one investor should consider their EUTs fall within the definition of an AIF in accordance with AIFMD and the AIFM Regulations. In addition it should be noted that in order to be considered as a single investor undertaking, the undertaking should, in accordance with the ESMA Guidelines, be prevented by its national law, the rules or instruments of incorporation or any other provision or arrangement of binding legal effect, from raising capital from more than one investor.

Where a pension provider offers EUTs which are not constitutionally limited to one investor it is important to note the following Central Bank requirements:

i. From 1 May 2014, new unit trust schemes made available to beneficiaries in Ireland should seek authorisation from the Central Bank under the Unit Trusts Act 1990, where they are alternative investment funds under AIFMD, notwithstanding that they hold an exemption from tax obtained from the Revenue Commissioners, given on the basis that the investors in such trusts have a tax-exempt status as either pensions vehicles or charities.

ii. As an exemption from the generality of i) above, new unit trust schemes should not seek authorisation if the eligible investors are confined to charities and/or regulated occupational pension schemes where the occupational pension scheme has multiple beneficiaries and is not a Small Self-Administered Scheme ('SSAS'). A unit trust scheme which has a tax exemption from the Revenue Commissioners, while allowing PRSAs, ARFs/AMRFs, PRBs and/or RAC schemes to invest, does not meet the requirements for this exemption and should seek authorisation in accordance with i) above. A unit trust scheme which is exempt from the requirement to seek an authorisation because it meets the grounds for this exemption may, nevertheless, meet the conditions for being an AIF as defined in the AIFMD. In that eventuality, the manager (alternative investment fund manager under AIFMD) must register under the EU (AIFM) Regulations 2013 or, if the AIFM exceeds the relevant AIFMD thresholds, seek authorisation.

iii. As an exemption from the generality of i), a unit trust scheme which is constitutionally confined to one ultimate beneficiary should not seek authorisation. However, where there are multiple sub-trusts, the constitutional documents for the master trust and the sub-trusts must be organised so that each sub-trust can have only one beneficiary and there is no sharing of benefits between sub-trusts. A beneficiary which is a vehicle for investment by multiple ultimate beneficiaries does not count as a single beneficiary for the purpose of calculating whether this exemption applies. Also, where an EUT could have more than one investor, but turns out only to have one, the conditions for availing of this exemption are not met as there must be a constitutional prohibition on more than one beneficiary for this exemption to be met.

iv. Unit trust schemes which are already in existence and which, had they come into existence after 1 May 2014, would have required authorisation under i) above, must apply for authorisation by 1 October 2014, unless they have, in the interim, restructured to avail of one of the exemptions listed at ii) and iii) above.

v. As an exemption to iv), unit trust schemes which are closed-ended schemes and the AIFM of which can avail of the grandfathering arrangement set out in Regulation 60(3) of the EU (AIFM) Regulations 2013 are recommended not to seek authorisation. For the purposes of Regulation 60(3) 'closed-ended schemes' can be read to include EUTs which have an appropriate formal plan in place in relation to their termination.

Where an EUT falls be an AIF it will need to appoint an AIFM. It is important to remember that AIFMD does not permit a MiFID firm to be an AIFM. Given most corporate trustees of EUTs are MiFID firms, this means such corporate trustees will not be in a position to act as the AIFM for those EUTs which fall to be an AIF.

The link to the Feedback Statement on CP 68 is set out below:

http://www.centralbank.ie/regulation/poldocs/consultation-papers/Documents/CP68/Feedback%20Statement%20on%20CP%2068-%20FINAL%2028%20MAR%2014.pdf

(ix) Central Bank publishes FAQ for the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2013

On 31 March 2014, the Central Bank published a Frequently Asked Questions ("**FAQ"**) document for the Corporate Governance Code for Credit Institutions and Insurance Undertakings 2013 (the "**Code"**). The FAQ, which is provided for guidance only, will take effect from 1 January 2015 in line with the application of the Code. In the interim, the existing FAQ document (issued in 2011) will continue to apply.

The link to the FAQ is set out below:

http://www.centralbank.ie/regulation/Documents/Corporate%20Governance%20Code%20for%20Credit%20Institutions%20and%20Insurance%20Undertakings%20Frequently%20Asked%20Questions.pdf

Data Protection

On 12 March 2014, the European Parliament voted in favour of the European Commission's legislative package to improve data protection rights within the EU, (the "**Data Protection Reform Package**"). The plenary vote means the position of the European Parliament has been confirmed and will not change, even if the composition of the European Parliament changes following the European elections in May.

In order to become law however, the Data Protection Reform Package must also be adopted by the Council of the EU. Once the Council of the EU finalises its position on the Data Protection Reform Package, negotiations on the proposed reforms will be able to commence between the Council of the EU, the European Commission and the European Parliament.

The proposed Data Protection Reform Package comprises of a major overhaul of current EU data protection rules. The European Commission presented its legislative package to improve data protection rights within the EU in January 2012. The Data Protection Reform Package comprises of a draft Directive and a draft Regulation, the key points of which were outlined in our previous update covering the period 1 October to December 31 2013).

EU Member States in the European Council are yet to reach an agreement on the proposed reforms. The next meeting of EU Justice Ministers on the proposed Data Protection Reform Package will take place in June 2014.

Once adopted, Member States would have 2 years to bring the Regulation into effect and to transpose the Directive into their national laws. Despite the delays, the European Commission and the European Parliament, along with members of the European Council, aim to have the Data

Protection Reform Package in place before the end of 2014, in which case the reforms would come into effect in 2016.

A Q&A on the proposed EU data protection reform published by the European Parliament and the European Commission respectively may be accessed by following the links below:

http://www.europarl.europa.eu/news/en/news-room/content/20130502BKG07917/html/QA-on-EU-data-protection-reform

http://europa.eu/rapid/press-release_MEMO-14-186_en.htm.

Anti-Money Laundering/Counter-Terrorism Financing

(i) The Fourth Money Laundering Directive

On 11 March 2014, the European Parliament voted in favour of a legislative resolution on the proposed directive to amend and replace the Third Money Laundering Directive (2005/60/EC), known as "**MLD4**" and a draft Regulation on information accompanying transfers of funds (the "**draft Regulation**") , which aims to improve the traceability of payers and payees and their assets.

This was done in order to consolidate the work done by the European Parliament so far on MLD4 and the draft Regulation, prior to handing it over to the next European Parliament. It ensures that the MEPs newly elected in May can decide to build on work done during the current term of the European Parliament.

Under MLD4, as amended by the European Parliament:

- A public central register in each EU country would list information on the ultimate beneficial owners of legal entities such as companies, foundations, holdings and trusts. The registers would be publicly available and interconnected across the EU;

- Banks, financial institutions, auditors, lawyers, accountants, tax advisors and real estate agents, among others, would be required to be more vigilant about suspicious transactions;

- An increased emphasis is placed on adopting a risk-based approach;

- The rules on politically-exposed persons ("**PEPs**") would be extended to "domestic" PEPs.

- Additional measures should be put in place, e.g. to establish the source of wealth and source of funds involved in the case of high-risk business relationships with PEPs.

The European Parliament will begin negotiating the legislation with the European Commission and the Council of the EU in the second half of 2014. The European Parliament's press release can be found at the link below:

http://www.europarl.europa.eu/news/en/news-room/content/20140307IPR38110/html/Parliament-toughens-up-anti-money-laundering-rules

On 3 March 2014, the European Parliament's Committee on Economic and Monetary Affairs ("**ECON**") and its Committee on Civil Liberties, Justice and Home Affairs ("**LIBE**") had suggested that the following changes be made to MLD4:

- Improvement with regard to the management of business registers in Member States so that they include beneficial ownership information which would help identify those who actually gain from the business transactions;
- A clarification of money laundering risk evaluation at EU level;
- Requirement that Member States lay down the rules on effective, proportionate and dissuasive penalties for natural or legal persons applicable to infringements of the national provisions adopted pursuant to the Directive.

A summary of the report can be viewed under the following link:

http://www.europarl.europa.eu/oeil/popups/summary.do?id=1340126&t=e&l=ento

(ii) Trust & Company Service Providers

On 3 March 2014, the Criminal Justice Act (Money Laundering and Terrorist Financing) Act 2010 (Competent Authority) Regulations (S.I No. 79 of 2014) (the "**Regulations**") transferred the power to authorise certain 'Trust & Company Service Providers' ("**TCSPs**") for anti-money laundering purposes from the Minister of Justice and Equality to the Central Bank. The Regulations will only apply to TCSPs which are 'designated persons' and subsidiaries of a credit institution or a financial institution. TCSPs which do not fulfil these criteria will continue to be authorised by the Department of Justice and Equality.

Further information regarding the TCSP authorisation can be found via the following link:

http://www.centralbank.ie/regulation/processes/anti-money-laundering/tcsp/Pages/Introduction.aspx.

Whistle-blower Protection

As stated in our previous update for the period 1 October to December 31 2013, the Protected Disclosures Bill 2013 (the "**Bill**") was published in July 2013. This Bill proposes to provide for whistle-blower protection in all sectors of the economy. 'Workers' are defined broadly to include employees, contractors, agency staff, trainees and home workers. It is proposed that 'workers' are to be provided with employment and other protections from penalisation for making' protected disclosures' to certain persons.

The Bill has now passed through the Seanad (i.e. one of the two houses of Parliament in Ireland) successfully and is currently being considered by the Dáil (i.e. the other house of Parliament). It is expected that the legislation may be enacted by June 2014.

Companies Bill 2012 Update

The Companies Bill 2012 (the "**Companies Bill**") was published in December 2012 and is currently going through the Dáil's legislative process. The Committee Stage was completed on 6 November 2013 and the next stage, the Report Stage, began on 25 March 2014. The Report Stage allowed the Department of Jobs, Enterprise and Innovation to propose further amendments to the Companies Bill, before the Seanad begins its consideration of the Companies Bill.

Enactment of the Companies Bill is expected sometime this year and private companies limited by shares will be given an 18 month transitional period to take certain action as a result of the introduction of the Act. The Minister for Jobs, Enterprise and Innovation may choose to extend this by a further 12 months. The transitional period will give directors and shareholders the time to decide between registering as a new-form company ("**CLS**") and registering as a designated activity company ("**DAC**"). Where a company takes no action, it will be deemed to have become a CLS on the expiry of the transition period. It is to be noted that many of the compliance changes will, however, come into effect immediately.

Competition and Consumer Protection Bill 2014

On 31 March 2014, the Competition and Consumer Protection Bill 2014 (the "**Bill**") was published. The Bill proposes to merge the National Consumer Agency and the Competition Authority and create a stronger competition and consumer watchdog, the Competition and Consumer Protection Commission ("**CPCC**"). New criminal investigation functions are proposed to be given to the CPCC to assist it in investigating serious competition offences. These include:

- New powers for the CPCC to apply to court for an order to require any person with relevant information to produce documents, answer questions and provide information for the purposes of the investigation of relevant offences;

- Changes to the law regarding detention periods;
- Measures aimed at reducing delays that occur when large volumes of documents are produced involving the organisation and categorisation of the documents;
- New measures to enable the CCPC to take away material despite legal privilege being claimed over it. The material would be required to be kept confidential, before being reviewed by the High Court to determine whether privilege exists;
- The Section 19 Criminal Justice Act 2011 offence of failure to report information.

The Bill also proposes to:

- Require telephone and internet service providers to retain details of internet and call data for up to two years; and
- Allow authorised taped witness interviews in Garda stations to be introduced as evidence in court in certain circumstances.

The Bill also contains provisions to regulate certain practises in the grocery goods sector and update and modernise the law on media mergers.

The Bill and its Explanatory Memorandum may be found via the following links:

http://www.djei.ie/publications/commerce/2014/compconprotbill2014.pdf;

http://www.djei.ie/publications/commerce/2014/compconprotbill2014memo.pdf.

Insurance Premium Tax

The majority of EU Member States apply various indirect taxes or parafiscal charges, including insurance premium taxes ("**IPT**") to assurance transactions when insurers transact life assurance business on a cross-border basis within the EU. The tax structures and rates/charges imposed vary considerably from Member State to Member State.

Solvency II (Directive 2009/138/EC) seeks to harmonise to some extent the indirect tax approach of EU Member States with regard to insurance products. Article 157 of Solvency II echoes the wording of Article 50 of the EU Consolidated Life Directive and provides that "every insurance contact shall be subject exclusively to the indirect taxes and parafiscal charges on insurance premiums in the Member State of the commitment".

Article 13(14) of Solvency II, again largely mirroring the terms of the EU Consolidated Life Directive, defines the "Member State of the Commitment" as "the Member State in which either of the following is situated (a) the habitual residence of the policyholder; (b) if the policy holder is a legal person, that policyholder's establishment, to which the contract relates."

In the recent decision of RVS Levensverzekeringen NV v Belgium, the Court of Justice of the European Union ("**ECJ**") addressed the precise scope of Article 50 of the EU Consolidated Life Directive by specifying which EU Member State is actually entitled to impose indirect taxes and charges (including IPT) to individual transactions between life assurance undertakings and their policyholders.

The ECJ has held that under Article 50 of the EU Consolidated Life Directive, the chargeable event for indirect taxation purposes is not the conclusion of the life assurance contract between the life assurance undertaking and the policyholder but rather the individual payments of life assurance premium by the policyholder to the life assurance undertaking. The ECJ has specified that the EU Member State which is lawfully entitled to impose and receive the IPT is the EU Member State where the policyholder has his/her habitual residence at the time that the policyholder pays the premium to the life assurance undertaking (i.e. the Member State of Commitment) irrespective of where the policyholder had his/her habitual place of residence at the time the contract of life assurance was concluded between the policyholder and the life assurer.

As a consequence of the ECJ's decision in RVS Levensverzekeringen NV v Belgium, it is appropriate that life assurers should take all necessary steps to adopt and operate appropriate procedures to identify and track changes in the habitual residence of each of their individual policyholders with a view to ensuring that on each occasion that a premium payment is made by an individual policyholder to the life assurer, it can ensure that all appropriate indirect taxes and parafiscal charges (including IPT) are paid by it to the fiscal authorities of the correct EU Member State of commitment. Life assurers that fail to do so may expose themselves to tax claims from the EU Member States of commitment that is properly entitled to raise indirect taxes (including IPT) by virtue of Article 50 of the EU Consolidated Life Directive, having regard to the ECJ's decision.

Given the similarity in wording between Article 50 of the EU Consolidated Life Directive and Article 157 of Solvency II, it is reasonable to believe that Article 157 of Solvency II would be interpreted in light of the ECJ's decision in RVS Levensverzekeringen NV v Belgium. With this in mind, it is also appropriate that non-life insurers and re-insurers would have regard to the considerations addressed above.

FATCA Update

As noted in the previous update, on 3 May 2013 Revenue released the Draft Financial Accounts Reporting Regulations 2013 together with supporting Draft Guidance Notes. Revised draft Regulations and Guidance Notes were issued on 16 January 2014 with comments welcomed from the various industry working groups in line with the on-going consultation process between the Revenue Commissioners and those industry sectors.

FATCA Time Line – A General Overview

1st July 2014 - New account opening procedures must be in place with all accounts maintained as of 30 June 2014 being classified as “Pre-existing Accounts”.

1st January 2015 - Starting date by which reporting Irish Financial Institutions will be required to produce a Global Intermediary Identification Number (“**GIIN**”), meaning that registration needs to take place by the end of 2014.

30th June 2015 - Reporting Irish Financial Institutions to report details of their U.S. account holders to the Revenue Commissioners in respect of the 2014 calendar year. The Revenue Commissioners are then required to exchange this information with the IRS by 30 September 2015. However, the IRS intends to publish the first Foreign Financial Institution List by 2 June 2014 (to be updated on a monthly basis thereafter). To be included on the 2 June 2014 list an FFI must register for a GIIN by 5 May 2014.

Savings Directive

The Council of the European Union formally adopted on 24 March 2014 a directive amending the EU Savings Directive (2003/48/EC). The main aim of the amended directive was to broaden the scope of the current rules and enable Member States to better prevent tax evasion.

The amended directive will include new types of savings income, and products that generate interest or equivalent income. It would include life insurance contracts, as well as a broader coverage of investment funds. Furthermore, tax authorities using a "look-through" approach would be required to take steps to identify who is benefiting from interest payments.

The EU Member States will have until January 2016 to adopt the national legislation necessary to comply with the directive and implementation is expected from 2017.

Dillon Eustace

This Insurance Quarterly Legal and Regulatory Update is for information purposes only and does not constitute, or purport to represent, legal advice. It has been prepared in respect of the current quarter ending 31 March 2014, and, accordingly, may not reflect changes that have occurred subsequently. If you have any queries or would like further information regarding any of the above matters, please refer to your usual contact in Dillon Eustace.

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