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Briefing: Do Your (Director's) Duty: Considerations for Directors of Regulated Financial Services Providers

Directors of regulated financial services providers face an ever-increasing array of obligations, including under the Central Bank (Individual Accountability Framework) Act 2023 (the "**IAF Act**"). Given the potentially serious consequences for directors if they fail to comply with their duties (e.g. fines, disqualification, imprisonment), it is vital that directors understand and can document compliance with their legal and regulatory obligations.

Source of Duties

The duties of directors of regulated financial services providers are set out in several places, including in:

- the Companies Act 2014; and
- specific financial services laws, such as under the IAF Act.

The Companies Act 2014

The Companies Act 2014 sets out a non-exhaustive list of fiduciary duties of directors. These include, amongst others, a duty to:

- act in good faith in what the director considers to be the interests of the company;
- act honestly and responsibly in relation to the conduct of the affairs of the company;
- act in accordance with the company's constitution and exercise his or her powers only for the purposes permitted by law;

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of Directors Ireland | Do Your
(Director's) Duty

- not use company property, information or opportunities for his or her own benefit, or that of anyone else, unless:
 - this is permitted expressly by the company's constitution; or
 - the relevant use has been approved by a resolution of the company in a general meeting;
- exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person having both the knowledge and experience which:
 - may reasonably be expected of a person in the same position as the director; and
 - the director has; and
- avoid any conflict between his or her director's duties to the company and other (including personal) interests, unless he or she is released from his or her duty to the company in relation to the matter concerned.

Under Irish company law, there is no distinction between the duties and responsibilities owed by executive and non-executive directors.

The Central Bank (Individual Accountability Framework) Act 2023

The Central Bank (Individual Accountability Framework) Act 2023 sets out Common Conduct Standards and Additional Conduct Standards which apply to directors of regulated financial services providers. These duties, include, but are not limited to:

- a duty to act with honesty and integrity;
- a duty to act with due skill, care and diligence;
- a duty to co-operate in good faith and without delay with the Central Bank of Ireland (the "**Central Bank**");
- a duty to act in the best interests of customers and treats them fairly and professionally;
- a duty to operate in compliance with standards of market conduct and trading venue rules;
- a duty to ensure that the business of the regulated financial service provider is controlled effectively;
- a duty to ensure that the business of the regulated financial service provider is conducted in accordance with its obligations under financial services legislation;
- a duty to ensure that any delegated tasks are assigned to an appropriate person with effective oversight; and

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(Director's) Duty

a duty to ensure that any information of which the Central Bank would reasonably expect notice in respect of the business of the regulated financial service provider is disclosed promptly and appropriately to the Central Bank.

Steps to take to evidence compliance

What a director of a regulated financial services provider needs to do to discharge the duties on him or her will depend on the nature of the company in question, the director's exact role and the circumstances of the case. However, the following matters can be helpful in demonstrating compliance:

- undertaking regular training on:
 - the IAF Act;
 - anti-money laundering requirements set out in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010;
 - protecting vulnerable customers and addressing financial abuse as required by the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Consumer Protection) Regulations 2025 (which applies from 24 March 2026) and related Central Bank guidance; and
 - legal and regulatory horizon scanning, in particular to assist with annual reviews of policy and procedure documentation;
- dedicating sufficient time and energy to the discharge of his or her role;
- ensuring appropriate contributions and challenge at meetings of the board of directors, including ensuring that sufficiently detailed minutes of such meetings are kept (minutes should include evidence that directors have considered relevant matters and not considered irrelevant matters);
- taking independent advice from professionals e.g. accountants or lawyers as necessary;
- ensuring appropriate engagement with authorities e.g. the Central Bank is maintained; and
- disclosing actual/potential conflicts of interest and recusing himself or herself where necessary.

Further information is available from:

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