



## Are you ready to submit your Outsourcing Register?

Some firms may get ‘an unwelcome surprise’ due to the scope and breadth of the information required to comply with the Outsourcing Register writes Dillon Eustace’s KAREN JENNINGS. She said for firms with complex outsourcing profiles the task is likely to prove laborious and adds that, as a prerequisite, firms need to establish a methodology for determining whether outsourced activities or services are “critical” or “important”.

On 17 December 2021, the Central Bank of Ireland (Central Bank) published its finalised Cross-Industry Guidance on Outsourcing (Guidance) together with a feedback statement providing the rationale for some of the approaches taken by it in finalising the Guidance (Feedback Statement).

### The Register

One of the requirements set down in the Guidance is the requirement for all regulated firms to maintain an updated register of information on all current outsourcing arrangements (Register). Regulated firms which are subject to the European Banking Authority (EBA) Guidelines on Outsourcing (2019) (EBA Guidelines) will already be familiar with the requirement to maintain such a Register, however there are a number of areas where the Guidance requires the inclusion of additional information over and above that required by the EBA Guidelines. In addition, for certain firms, such as fund management companies, this will be the first time when they have been required to collate and input outsourcing data into one centralised register.

For most firms, particularly with a comprehensive and complex outsourcing profile, this is likely to be a laborious task which will involve the identification and review of all existing arrangements with outsourcing service providers (OSP arrangements). Indeed the scope and breadth of the information required to be obtained in order to populate the Register to satisfy the Central Bank’s expectations may come as an unwelcome surprise to some firms. Stakeholder input from outsourced service providers may be required.

The specific expectations in relation to the maintenance of Register is set out in Part B Section 10.2 (Maintenance and Submission of Registers) of the Guidance, whilst the requirements for the general content of the Register is set out in Appendix 3 of the Guidance. The Central Bank expects the Register to



Karen Jennings

include both: (1) certain overarching general information in respect of all outsourcing arrangements entered into by the regulated firm; and (2) detailed and comprehensive information in relation to each individual OSP arrangement. In relation to the latter, this information will involve, inter alia, a confirmation to whether the outsourced function is a critical or important function and why, along with the date of the most recent assessment of criticality or importance of the function. Certain additional information must be also be provided solely in respect of the outsourcing of critical or important functions.

### Timings

The Central Bank has confirmed in its Feedback Statement that a spreadsheet template for the Register will be made available for all firms to download from its website during Quarter 1 of 2022. The Central Bank has also confirmed that all regulated firms, including management companies, which have a PRISM Impact Rating of Medium Low or higher must submit their Register via an online return on an annual basis. The first submission is currently planned for such firms for Quarter 2 of 2022. The Central Bank will notify such firms

“within a reasonable notice period” of the specific filing requirements for 2022. An exception has been made for banks that are classified as ‘significant’ for SSM purposes, they will instead submit their Registers to the European Central Bank (ECB) which oversees banking supervision in the EEA. “Low Impact” Management Companies may be required to submit their Register on a case by case basis by their supervisor.

### Actions

It is expected that the majority of regulated firms will already be taking steps to assess their current outsourcing practices and to formulate an implementation plan to bring such practices into line with the Guidance.

**“Firms will need to be mindful of the fact that in order to populate the Register within the above timeframes, a prerequisite will be for the firm to have established a methodology for determining whether activities or services are “critical” or “important” in accordance with the Guidance.”**

Firms will need to be mindful of the fact that in order to populate the Register within the above timeframes, a prerequisite will be for the firm to have established a methodology for determining whether activities or services are “critical” or “important” in accordance with the Guidance. Compliance with certain other requirements of the Guidance may also need to be accelerated as a result of the population of the Register.

***Karen Jennings is a Senior Associate in Dillon Eustace’s Financial Regulation group.***