

# Employment in Financial Services

## Contributing Editor

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## 01. What is the primary regulatory regime applicable to financial services employees in your jurisdiction?

### Ireland

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The Central Bank of Ireland (CBI) is responsible for the authorisation and supervision of regulated financial service providers (RFSPs) in Ireland. RFSPs can include credit institutions, credit unions, brokers/retail intermediaries; and other RFSPs such as electronic money institutions, insurance and reinsurance undertakings, investment firms and payment institutions. The regulatory regime applies in a bespoke way to each sector and its employees and tailored legal advice should be taken for a specific situation. The general principles of the regulatory framework are set out below.

#### **Fitness and Probity**

The primary regulatory regime applicable to employees of RFSPs is the Fitness & Probity ("F&P") framework under the CBI Reform Act 2010 (2010 Act) as amended. Its function is to assess and monitor the suitability of individuals for certain key positions, known as Controlled Functions (CFs), including Pre-approved Controlled Functions (PCFs). The general rule is that an RFSP cannot permit a person to perform a controlled function unless the RFSP is satisfied on reasonable grounds that the person complies with the F&P Standards prescribed under the 2010 Act and further set out in the regulations and Guidance prescribed by the CBI. A link to resources governing the F&P Standards is [here](#).

Fitness relates to an individual's competency, experience, qualifications and capacity to perform the role (including time commitments and being free from conflicts of interest).

Probity relates to an individual's honesty, diligence, independence, ethics and integrity in performing their role.

Employers are required to perform due diligence to confirm that individuals they propose placing in CF roles are fit and proper. Employers are also required to hold a certificate of compliance in respect of each in scope employee, certifying that the employee complies with the F&P Standards. Employees of RFSPs must agree in writing to comply with the F&P Standards.

A breach of an individual's F&P obligations can result in criminal and administrative sanctions for the RFSP and suspension and disqualification for the individual from holding a controlled function.

#### **Minimum Competency Requirements**

The CBI also operates a minimum competency regime under the Minimum Competency Code 2017 and the CBI (Supervision and Enforcement) Act 2013 (section 48(1)) Minimum Competency Regulations 2017, which set out professional standards and competencies, and continuing professional development (CPD) requirements, for persons providing certain financial services and products across certain sectors e.g., credit union and insurance services. The aim is to protect consumers by ensuring a minimum acceptable level of competence from individuals acting for or on behalf of RFSPs providing advice and information and associated activities (such as dealing with insurance claims or complaints), in connection with in-scope financial products.

### **The Individual Accountability Framework**

The CBI (Individual Accountability) Act 2023 (the "2023 Act") was signed into law on 9 March 2023. The 2023 Act introduced a new Individual Accountability Framework ("IAF"):

- An enhanced Fitness and Probity Framework;
- New Common Conduct Standards, including Additional Conduct Standards for PCFs, applicable to employees and officers of RFSPs as well as Business Conduct Standards;
- The Senior Executive Accountability Regime ("SEAR"); and
- Administrative Sanctions Procedures ("ASP") which empowers the CBI to investigate and sanction individuals for breaches of their obligations under the IAF including the Conduct Standards and their F&P obligations.

The IAF commenced in Ireland from 29 December 2023. The F&P Framework and the application of the new Conduct Standards became effective from this date. Other parts of the IAF will be effective later in 2024.

### **Conduct Standards**

Under the 2010 Act, both CFs and PCFs must take any step that is reasonable in the circumstances in the performance of their role, to ensure that they meet the requirements of the Common Conduct Standards. The Common Conduct Standards are explained in Guidance published by the CBI [here](#). The Conduct Standards include the requirement to act with honesty and integrity, due skill and care, co-operate in good faith with the CBI, act in the best interests of customers and comply with applicable rules governing market conduct and trading as applicable to the relevant RFSP's sector. The F&P Standards set a standard that CFs and PCFs must meet to ensure that they are sufficiently skilled and have the competence and capability to perform their roles. Whereas the Common Conduct Standards impose positive, enforceable legal obligations on individuals in those roles, governing their conduct and requiring them to act in accordance with a single set of standards of expected behaviour. Employers must train their employees on the applicable Conduct Standards. Employees are required to attend at that training and to fully understand and comply with the Conduct Standards. Additional Conduct Standards apply to PCFs.

### **Senior Executive Accountability Regime**

SEAR which applies to senior managers/officers holding PCF and CF1 roles, will be applicable from 1 July 2024. SEAR will come into force in respect of Non Executive Directors (NEDs) and Independent Non Executive Directors (INEDs) with effect from 1 July 2025.

In terms of the scope of application, SEAR will be introduced on a phased basis and will initially apply from 1 July 2024 to credit institutions, insurance undertakings (excluding reinsurance undertakings, captive (re)insurance undertakings and insurance special purpose vehicles) and investment firms that underwrite on a firm commitment basis, deal on own account, or are authorised to hold client monies or assets; and third-country branches of the above.

However, the CBI has noted in its Consultation Paper 153 (CP153) that "there is much in the spirit of the SEAR that firms not initially falling within scope should consider as aligned with good quality governance". RFSPs which are not in Phase 1 of SEAR should therefore consider the presence of the new regime and whether it may be appropriate to comply with the spirit of SEAR by ensuring that individual responsibilities for senior managers are mapped and clearly allocated across the firm's senior management. This is to ensure that it is very clear who is individually accountable for what and in order to ensure that the business and its risks are being properly managed.

## Business Standards

The 2023 Act provides for the ability of the CBI of Ireland (CBI) to prescribe the "Business Standards" for the purposes of ensuring that in the conduct of its affairs a firm:

1. acts in the best interests of customers and of the integrity of the market;
2. acts honestly, fairly and professionally; and
3. acts with due skill, care and diligence.

The Business Standards are obligations which apply to the RFSP.

## Protected Disclosures Legislation - Whistleblowing

The Protected Disclosures Act 2014 as amended provides that all employers (with 50 or more employees) and most RFSPs regardless of head count (including MiFID firms, UCITS management companies, AIFMs, externally managed UCITS and externally managed AIFs) have and maintain secure, confidential and effective internal reporting channels and investigation procedures that comply with its requirements. Employees and other workers, including INEDS and NEDS as well as contractors have significant anti retaliation protection in connection with making a protected disclosure. Employers are required to appoint a designated person to acknowledge a report within 7 days, make diligent inquiries and to follow up with the reporter within three months in relation to the progress/outcome of the investigation. The Central Bank (Supervision and Enforcement) Act, 2013 as well as the European Union (Market Abuse) Regulations, 2016 set out whistleblowing requirements for in scope employees and anti retaliation protection.

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UAE

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The UAE has four different regulators responsible for the authorisation and supervision of banks, insurers, and other financial institutions.

There are two regulators "on-shore" in the UAE, namely, (i) the UAE Central Bank, which is the state institution responsible for banking and insurance regulation, as well as monetary policy, and has authority over all licensed financial institutions in the UAE, including those in the financial free zones; and (ii) the Emirates Securities and Commodities Authorities (ESCA) that regulates markets, listed companies, and securities brokers.

There are two financial free zones in the UAE, the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM), who were established as special economic zones with independent jurisdictions through amendment to the UAE Constitution. Within the free zones, the Dubai Financial Services Authority (DFSA) is the regulator of the DIFC and the Financial Services Regulatory Authority (FSRA) is the regulator of the ADGM.

As the DIFC and ADGM free zones have been established as special economic zones in which financial services are conducted, most of the applicable legislation in the UAE which governs financial services is found in the two free zones. Therefore, unless expressly referenced, the responses for the UAE in this guide consider the position in the DIFC and ADGM only.

The Dubai Financial Services Authority is the financial regulatory body of financial services conducted in or from the DIFC. The key legislation is the Regulatory Law of 2004, as amended, which is administered by the DFSA and is described as the cornerstone legislation of the regulatory regime.

The ADGM Financial Services Regulatory Authority is the financial regulatory body of financial services conducted in or from the ADGM. The key legislation is the Financial Services and Markets Regulations (FSMR), which sets out the legislative and regulatory framework for financial services in the ADGM. The FSMR was modelled on the UK's Financial Services and Markets Act 2000 and other related legislation.

Finally, all employees in the private sector (excluding the two financial free zones) are subject to Federal Decree-law No. 33 of 2021, as amended (the Labour Law). In the DIFC, employees are subject to DIFC Law No. 2 of 2019, as amended (the DIFC Employment Law) and in the ADGM, employees are subject to the ADGM Employment Regulations 2019 (the ADGM Employment Regulations). In addition to the employment legislation described above, a number of other laws will be applicable to employees in the UAE, including Federal Decree-law No. 30 of 2021 containing the Penal Code.

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## **02. Are there particular pre-screening measures that need to be taken when engaging a financial services employee? Does this vary depending on seniority or type of role? In particular, is there any form of regulator-specified reference that has to be provided by previous employers in the financial services industry?**



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RFSPs must satisfy themselves that all CF and PCF candidates or employees comply with the F&P Standards. Pre-employment due diligence must be performed, including asking the candidate to certify they will comply with the F&P Standards and notify the RFSP immediately of any change in circumstance that may mean they no longer comply. Employers must continue to ensure that in scope employees comply with the F&P Standards and must complete an annual declaration to this effect. This means that due diligence must continue throughout the employment relationship and not just at the recruitment stage.

Candidates for PCF roles must complete an online individual questionnaire, which is submitted to the CBI in advance of appointment to the role through the Central Bank portal. The CBI must grant its approval for the PCF appointment before a candidate can take up the role. Any PCF offer of employment must be conditional on that approval being obtained. The CBI may request applicants attend an interview as part of the approval process.

Employers should take all reasonable steps to secure references from previous employers in order to due diligence the candidate's compliance with the F&P Standards and their suitability for the role. However, an employer is not obliged to issue a reference in respect of a former employee which means that a prospective employer may not be able to secure a reference from a previous employer. The CBI does not oblige employers to either issue or obtain a reference as part of screening checks, however employers must make good efforts to do so.

There are material obstacles from a data privacy and practical perspective to employers conducting criminal background checks in relation to prospective employees. Data relating to criminal convictions is special category data under the GDPR. Employers would need to satisfy both Article 6 and Article 9 requirements under the GDPR to justify the processing of this data. In terms of Article 9, this means employers would need to show reasons of substantial public interest or that they are carrying out their legal obligations in processing the data. In terms of Article 6 the employer will need to show that the processing is necessary to comply with a legal obligation to which the employer is subject or the processing is necessary for the employer's legitimate interests for example to ensure the suitability and honesty of its employees and to protect its reputation. Employers are also prevented from asking candidates about

"spent convictions" which are usually minor criminal offences dating back over seven years.

Pre-employment medical checks must also have a clear legal basis justifying the processing of an employee's medical and health information.

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In the DIFC, an individual who performs a “licensed function” must be approved in advance by the DFSA.

The roles which fall within the meaning of an authorised person for the DFSA includes someone appointed as:

- the Senior Executive Officer, who has ultimate responsibility for the day-to- day management, supervision and control of one or more (or all) of an authorised firm’s financial services carried on, in or from the DIFC;
- the Finance Officer;
- Compliance Officer;; and
- Money Laundering Reporting Officer.

Where a firm proposes to appoint an authorised individual, an application to the DFSA must be made in advance; the DFSA will make an assessment of the individual in order to satisfy itself that they are fit and proper to be an authorised individual. The Regulator will consider the individual’s integrity, competence and capability, financial soundness, their proposed role, and any other relevant matters. That individual may not be considered as fit and proper where they have been declared bankrupt, convicted for a serious criminal offence, or incapable - through mental or physical incapacity - of managing their affairs.

In the ADGM, an individual who performs a “controlled function” must be approved in advance by the ADGM. A controlled function includes someone appointed as the Senior Executive Officer, Finance Officer, Compliance Officer, and Money Laundering Reporting Officer.

Where a firm proposes to appoint someone in a controlled function, an application to the ADGM must be made in advance, The ADGM will make an assessment of that individual in order to satisfy itself that they are fit and proper to be an approved individual. The Regulator will consider the individual’s integrity, competence and capability, financial soundness, their proposed role and any other relevant matters. That individual may not be considered as fit and proper where they have been declared bankrupt, convicted for a serious criminal offence, or incapable - through mental or physical incapacity - of managing their affairs.

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### **03. What documents should be put in place when engaging employees within the financial services industry? Are any particular contractual documents required?**



Ireland

The following documents should be in place:

- written statement of terms of employment e.g., a written contract of employment that complies with the Terms of Employment (Information) Act 1994-2014 and the European Union (Transparent and Predictable Working Conditions) Regulations 2022;
- grievance and disciplinary policy;
- protected disclosures policy;
- dignity at work policy (anti-harassment and bullying prevention);
- safety statement; and
- where possible, an employee handbook that details all the statutory leave policies and other bespoke policies of the RFSP.

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UAE

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Employees must be provided with an employment contract across the different jurisdictions in the UAE. This applies to all employees, regardless of whether they work in the financial services industry.

In the DIFC, the DIFC Employment Law requires employers to provide their employees with a written contract that must specify the following:

- the parties' names;
- the start date;
- the salary and any allowances to be provided to the employee;
- the applicable pay period;
- hours and days of work;
- vacation leave and pay;
- notice to be given by either party to terminate employment;
- the employee's job title;
- confirmation as to whether the contract is for an indefinite period or for a fixed term;
- the place of work;
- applicable disciplinary rules and grievances procedures;
- the probation period;
- a reference to any applicable policies and procedures (including any codes of conduct) and where these can be accessed; and
- any other matter that may be prescribed in any regulations issued under the DIFC Employment Law.

In the ADGM, the ADGM Employment Regulations requires employers to provide their employees with a written contract that must specify the following:

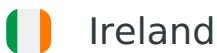
- the parties' names;
- the start date;
- remuneration;
- the applicable pay period;
- hours and days of work; and
- any terms and conditions relating to:
  - vacation leave and pay, national holiday entitlement and pay;
  - sick leave and sick pay;
  - the notice period that either party is required to give to the other in order to terminate employment;
  - the employee's job title;

- whether the employment is for an indefinite or fixed term;
- the place of work;
- any disciplinary rules or grievance procedures applicable to the employee; and

any other matter that may be prescribed by the employer.

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## **04. Do any categories of employee need to have special certification in order to undertake duties for financial services employers? If so, what are the requirements that apply?**



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Yes, under the Minimum Competency Regime (see question 1), employees who perform certain prescribed functions and roles in prescribed RFSPs such as insurance businesses and credit unions, must meet the required competencies and qualifications standards.

The 2023 Act also introduces a new requirement that persons can only be permitted to perform a CF role (including a PCF role) where a certificate of compliance with the F&P Standards given by the firm is in force (Certification Regime).

As part of the Certification Regime, a certificate of compliance may only be given if:

1. the firm is satisfied on reasonable grounds that the person complies with the F&P Standards; and
2. the person has agreed to abide by the F&P Standards and to notify the firm without delay if for any reason they no longer comply with the F&P Standards.

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As noted in question 2 -, employees undertaking certain regulated roles must obtain the pre-approval of the relevant regulatory authority. The regulators in each case will assess the fitness and propriety of the relevant individual.

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## **05. Do any categories of employee have enhanced responsibilities under the applicable regulatory**



# regime?



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Yes. Common Conduct Standards and Additional Conduct Standards were introduced by the 2023 Act and employers need to update employees' contractual documents to reflect same.

The Common Conduct Standards set out standards of behaviour expected of individuals carrying out Controlled Functions (CFs) within firms. The Common Conduct Standards are basic standards such as acting with honesty and integrity with due skill, care and diligence and in the best interest of customers. An individual that is subject to the Common Conduct Standards will be expected to take reasonable steps to ensure that the Common Conduct Standards are met.

In addition, senior executives, which includes individuals performing PCF roles (e.g. the directors, designated persons) and other individuals who exercise significant influence on the conduct of a firm's affairs (CF1) will also have Additional Conduct Standards related to running the part of the business for which they are responsible. An individual who performs a PCF/CF1 role should take reasonable steps to ensure that the Additional Conduct Standards are met.

When SEAR comes into effect, those performing senior executive functions will be required to have detailed statements of responsibility setting out the scope of their role. The Duty of Responsibility which the PCF will have under SEAR is extensive. The duty extends to taking any step that is reasonable in the circumstances to avoid a breach by their firm of its obligations in relation to an aspect of the firm's affairs for which the PCF is responsible.

There are a number of General Prescribed Responsibilities that will need to be assigned to PCFs:

- (a) Performance by the Firm of its obligations under SEAR
- (b) Performance by the Firm of its obligations under the F&P framework
- (c) Performance by the Firm of its obligations under the new Conduct Standards
- (d) Responsibility for overseeing the adoption of the firm's policy on diversity and inclusion.

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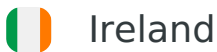
There are no provisions that lay down enhanced responsibilities for a particular category of employees in the financial services sector.

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## **06. Is there a register of financial services employees that individuals will need to be listed on to undertake**



## particular business activities? If so, what are the steps required for registration?



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No.

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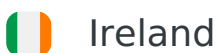


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There is no public register of authorised individuals.

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## **07. Are there any specific rules relating to compensation payable to financial services employees in your jurisdiction, including, for example, limits on variable compensation, or provisions for deferral, malus and/or clawback of monies paid to employees?**



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There are prescriptive, sector-specific requirements, which apply to the remuneration of specified categories of employees or directors, and which apply in the asset management, investment services, banking, and insurance sectors.

Employers in these sectors are tasked with ensuring that the remuneration paid to material risk takers (individuals whose professional activities have a material impact on an RFSP's risk profile) or identified staff align with the RFSP risk profile.

There are detailed rules with technical guidance (emanating from EU law) specific to each sector, but at a high level they (to differing degrees) set out rules on; variable remuneration composition, ratios or other metrics to compare variable to fixed remuneration to ensure it is appropriate; malus requirements, which would allow the RFSP to cancel or reduce the employee's variable remuneration before it is paid out; and clawback provisions which allow RFSPs to recover variable remuneration after it has been awarded. It is important to ensure that employees' contracts of employment acknowledge that any variable remuneration will be subject to all regulatory restrictions and rules and may be clawed back in certain circumstances.

The CBI's 2014 Guidelines on Variable Remuneration Arrangements for Sales Staff also emphasise the importance of remuneration structures to have sufficient deterrents built into them (such as malus and clawback mechanisms) to avoid incentivising undesirable/risky behaviours from sales staff in the banking, insurance and investment services sectors.

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Both the DFSA General Rulebook and FSRA General Rulebook contain Best Practice Guidance for remuneration structure and strategies of authorised entities. In particular, the guidance identifies that the governing body of an authorised entity ought to consider the risk to which the firm could be exposed to as a result of the conduct or behaviour of its employees, and to consider the ratio and balance between fixed and variable remuneration components, the nature of the duties and functions performed by the relevant employees, the assessment criteria against which performance based components of remuneration are to be awarded, and the integrity and objectivity of any performance assessment against that criteria.

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## 08. Are there particular training requirements for employees in the financial services sector?



Ireland

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Yes. A CF employee, subject to the Minimum Competency regime, will be required to complete CPD training. Evidence of meeting that CPD requirement is also a factor in determining a person's F&P. RFSPs must maintain records of CPD training provided to CFs to demonstrate compliance with the minimum competency regime.

The 2023 Act also introduces new training obligations for those subject to the Common and Additional Conduct Standards, with firms being required to train those persons on how these obligations apply to them and their new duties of responsibility. Attendance at, or completion of, training in respect of the Conduct Standards should be mandatory and such attendance should be carefully documented with refresher training rolled out periodically.

Employers within the scope of the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 - 2021 (including RFSPs) are required to provide annual training to relevant staff and directors on its requirements and the RFSP must have procedures in place to comply with that legislation and associated guidance.

Depending on the RFSP's business, additional mandatory training may be needed annually, for example, on topics such as market abuse.

The designated person for responding to protected disclosures should be trained and competent in the identification and handling of protected disclosures.

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The DFSA General Rulebook requires authorised entities to ensure that the Senior Executive Officer, Compliance Officers, and Money Laundering Reporting Officer, must complete a minimum of 15 hours of continuing professional development in each calendar year. This continuing professional development must be relevant to the employee's role and professional skill and knowledge, and consist of structured activities, such as courses, seminars, lectures, conferences, workshops, web-based seminars or e-learning, which require a commitment of 30 minutes or more. The employee must also ensure that they maintain adequate records to be able to demonstrate that these requirements have been met.

The FSRA General Rulebook requires an authorised entity to ensure that its directors and senior managers are fit and proper and its guidance suggests that whether any training has been undertaken or is required should be considered. In addition, an authorised entity should satisfy itself that an employee continues to be competent and capable of performing the role, has kept abreast of market, product, technology, legislative and regulatory developments that are relevant to the role, through training or other means, and is able to apply this knowledge.

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## **09. Is there a particular code of conduct and/or are there other regulations regarding standards of behaviour that financial services employees are expected to adhere to?**

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Yes there are. They are:

- the F&P Standards;
- the minimum competency regime; and
- the IAF and SEAR (see question 1).

There are also sector-specific conduct of business requirements in legislation and codes, including the Consumer Protection Code 2012, the MiFID II regime, and other regulatory requirements applicable to RFSPs based on their industry sector that apply and deal with matters such as:

- error handling,
- disclosures to customers,
- acting in the best interests of customers; and
- complaints handling.

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In the DIFC, the DFSA General Rulebook provides that authorised individuals must adhere to six principles, as follows:

- Principle 1 – Integrity
- Principle 2 – Due skill, care and diligence
- Principle 3 – Market conduct
- Principle 4 – Relations with the DFSA
- Principle 5 – Management, systems and control
- Principle 6 – Compliance

In the ADGM, the FSRA General Rulebook provides that authorized individuals must adhere to eleven principles, as follows:

- Principle 1 – Integrity
- Principle 2 – Due skill, care and diligence
- Principle 3 – Management, systems and control
- Principle 4 – Resources
- Principle 5 – Market conduct
- Principle 6 – Information and interests
- Principle 7 – Conflicts of Interest
- Principle 8 – Suitability
- Principle 9 – Customer assets and money
- Principle 10 – Relations with regulators
- Principle 11 – Compliance with high standards of corporate governance

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## **10. Are there any circumstances in which notifications relating to the employee or their conduct will need to be made to local or international regulators?**



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The CBI expects RFSPs to be open and transparent in their engagement, including concerning compliance with the F&P Standards and the Common Conduct Standards. While early versions of the IAF regulations and related guidance contained an obligation on a RFSP to report to the CBI if disciplinary action had been taken against an individual, the obligation was removed from the latest version of the draft legislation. The Guidance indicated that the CBI would expect that they would have already received relevant details as it provides that firms and persons performing PCF roles are required to report to the CBI where they suspect that a "prescribed contravention" may have occurred for the purposes of the CBI legislative framework and the CBI states that a breach of the Common Conduct Standards and/or Additional Conduct Standards is a "prescribed contravention" for these purposes.

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Both the DFSA General Rulebook and FSRA General Rulebook provide that where an authorised firm requests the withdrawal of an authorised individual, they must provide to the regulator details of any circumstances in which they consider the individual is no longer fit and proper. Where the individual is to be dismissed or has requested to resign, the firm must provide to the regulator a statement of the reason, or reasons, for the dismissal or resignation.

In addition, the DFSA and FSRA General Rulebooks contain broad obligations on any authorised firm to report to the regulator if it becomes aware of a range of occurrences, including any matter which could have a significant adverse effect on the authorised firm's reputation, or a matter in relation the authorised firm which could result in serious adverse financial consequences to the financial system or to other firms, or a significant breach of a rule by the authorised firm or its employees.

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## **11. Are there any particular requirements that employers should implement with respect to the prevention of wrongdoing, for example, related to whistleblowing or the prevention of harassment?**

### Ireland

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Yes. Concerning the prevention of wrongdoing, RFSPs should implement a written protected disclosures/whistleblowing policy that explains the secure and confidential internal and external reporting channels available to workers who wish to report relevant wrongdoings. The anti-retaliation protection should be explained and workers should understand from the policy how a report of relevant wrongdoing will be dealt with by the RFSP.

RFSPs should ensure that they have clear, up-to-date and fully compliant policies governing:

- dignity at work (including anti-harassment and anti-bullying measures); and
- grievance and disciplinary policies.

RFSPs should ensure that employees are trained on the RFSP's dignity at work (anti-bullying and harassment) policies to ensure that the RFSP's values, culture and commitment to preventing harassment and bullying are clear regarding their rights and obligations.

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In the DIFC, whistleblowing is addressed both by the DFSA, who introduced its regulatory regime for whistleblowing in 2022 through amendment to its Regulatory Law 2004, as well as the more general obligations contained in the Operating Law of the DIFC Authority.

Under the Regulatory Law, any person who makes a qualifying disclosure to a specified person is entitled to protection under the law. Similar provisions are contained in the Operating Law.

The disclosure may be made internally within the company, for example, to a director, officer or any person in a management position of the relevant company, or any person designated by that company to receive the disclosure of such information; or externally, for example, to the Registrar, Financial Services Regulator, Office of Data Protection, or criminal law enforcement agency in the UAE.

The qualifying disclosure must relate to the disclosure of information made in good faith, that relates to a reasonable suspicion that a regulated entity, or any of its employees or officers, has or may have, contravened a provision of legislation administered by the DFSA, or has engaged in money laundering, fraud, or other financial crime.

A person making a protected disclosure shall not be subject to any civil or contractual liability for making the disclosure, nor shall they be dismissed or otherwise suffer a detriment or disadvantage in connection with making the disclosure.

The corresponding DFSA module sets out the DFSA's expectations that companies should implement appropriate written policies in order to facilitate the reporting of any regulatory concerns by whistleblowers, and to assess, and, where appropriate, escalate regulatory concerns reported to it.

The ADGM published Guiding Principles on Whistleblowing in December 2022, which whilst non-binding, were designed to assist entities and individuals in the ADGM in establishing whistleblowing frameworks and ensure that potential whistleblowers were encouraged to speak up and were fairly treated when they did so. In March 2024, the ADGM announced a public consultation on proposals for a whistleblowing framework, which will lead to the introduction of Whistleblower Protections Regulations and amendments to the Employment Regulations.

### **Harassment**

Harassment is not dealt with in the regulatory framework outlined above, but is contained in the applicable employment legislation.

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## **12. Are there any particular rules or protocols that apply when terminating the employment of an employee in the financial services sector, including where a settlement agreement is entered into?**



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Where possible it is important to try to resolve any outstanding issues that a PCF has or may have before the PCF's contract is terminated. An RFSP is required to give details of the circumstances of a PCF's termination of employment and to confirm whether or not there are outstanding issues regarding the PCF.

It is important to ensure that there are adequate provisions to govern the following in any settlement agreement or termination arrangements:

- adequate handover of operational responsibility;
- continued co-operation on operational matters within the employee's knowledge or in relation to matters that may subsequently be investigated by the CBI;
- secure return of all company property including any personal data; and
- post-termination confidentiality obligations and any other necessary post-termination restrictions.

Last updated on 24/04/2024



UAE

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As noted in question 7, the DFSA General Rulebook and FSRA General Rulebook contain Best Practice Guidance for remuneration structure and strategies of authorised persons. In this regard, both sets of guidance provide that where an authorised entity provides discretionary payouts on termination of employment (either by way of severance payments, or other payments, such as “golden parachutes”), these should be subject to appropriate limits or shareholder approval. In addition, they should be aligned with the firm’s overall financial status and performance.

Last updated on 24/04/2024

## **13. Are there any particular rules that apply in relation to the use of post-termination restrictive covenants for employees in the financial services sector?**



Ireland

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No there are no bespoke rules that apply. Post termination restrictions in Ireland are void as being in restraint of trade unless it can be shown that the restrictions are necessary to protect an employer's legitimate proprietary interest and they are proportionate and reasonable in their scope and duration to achieve that protection[i].

[i] Law as of 15 April 2024

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UAE

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The DFSA and FSRA Rulebooks do not regulate the use of post-termination restrictive covenants. It is fairly typical for financial services firms in both free zones to include non-dealing, non-solicitation, non-compete and similar restrictive covenants in their employment contracts. These are subject to the same common



law rules on interpretation and enforceability as in any other sector. In addition, whilst the courts in both the DIFC and ADGM will award injunctive relief, there is no similar right in the federal courts. This means that the enforceability of an injunctive order outside of the geographic scope of the two free zones is uncertain.

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## 14. Are non-disclosure agreements (NDAs) potentially lawful in your jurisdiction? If so, must they follow any particular form or rules?

### Ireland

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Yes. It is possible to use NDAs in Ireland and it is quite common for them to be used, but there are some limitations on their use and enforceability.

Certain mandatory reporting obligations will override a contractual non-disclosure agreement, such as the requirement for PCFs under section 38(2) of the CBI (Supervision and Enforcement) Act 2013 to disclose certain matters to the CBI.

Further, an NDA cannot extinguish an employee's right to anti-retaliation protection where the employee makes a protected disclosure either internally or externally under the Protected Disclosures Act 2014 - 2022.

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### UAE

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Non-disclosure agreements may be used in the UAE (including DIFC and ADGM free zones). There are no particular requirements regarding the form or rules for those NDAs.

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