

## **Gabriel Makhlouf: Opening statement - Joint Oireachtas Committee on Finance, Public Service Reform and Digitalisation, and Taoiseach**

Opening statement by Mr Gabriel Makhlouf, Governor of the Central Bank of Ireland, before the Joint Oireachtas (National Parliament) Committee on Finance, Public Expenditure and Reform, and Taoiseach (Head of Parliament), Dublin, 11 June 2025.

\* \* \*

Chair and Committee members, thank you for the opportunity to address you today. I am joined by Mary Elizabeth McMunn, Deputy Governor for Financial Regulation, and Gerry Cross, Director for Capital Markets and Funds.

You have invited me to discuss the issue of the Central Bank's role in the approval of prospectuses prepared by the State of Israel. Let me start by repeating what I said to this Committee last year, that I remain absolutely appalled by the horrific loss of life and destruction we are seeing in Gaza and the occupied Palestinian territories. Like all members of the Houses of the Oireachtas, I want to see an immediate end to hostilities by all parties.

Before I turn to the approval of prospectuses, let me make a general but important point about the role that central banks play in modern economies and societies. As a body established under statute, we are vested with certain powers and functions which we are required to perform. And we are required to perform and exercise these in the manner in which the legislated tasks are assigned to us, following the law and in line with how it frames our responsibilities. To state the obvious, this matters for we are established by law, we are empowered by law, and we must always act within and in line with the law.

One of the powers that has been assigned to us is to perform the functions of a competent authority under the European Prospectus Regulation<sup>1</sup>. This means that we must approve a prospectus once certain conditions are met.

### **Overview and role of the Central Bank**

The Prospectus Regulation was implemented as one of a number of essential steps towards the completion of Europe's Capital Markets Union. By harmonising the approach to the approval of prospectuses, the Regulation seeks to prevent divergent approaches and rules among Member States, ensure the proper functioning of the internal market, and provide for a high level of consumer and investor protection.

Under the Prospectus Regulation, a prospectus must be drawn up, approved and published when securities are to be offered to the public or admitted to trading on a regulated market in the EU.

As competent authority, the Central Bank is responsible for assessing whether a prospectus has been drawn up in compliance with the disclosure requirements of the

Prospectus Regulation. The specific disclosure requirements and the requirements for the prospectus approval process are specified in an EU Commission Delegated Regulation<sup>2</sup>, which supplements the Prospectus Regulation.

We are required to approve a prospectus where it meets the standards of completeness, consistency and comprehensibility under the legislation. Our legal obligations are clear and we do not need guidance to follow them.

The law is also clear that, by approving a prospectus, the Central Bank does not endorse the issuer and does not endorse the securities. Rather, it means the Central Bank is satisfied that the issuer has disclosed the required information, in the required manner, to potential purchasers of the securities, so that investors can make their own informed investment decision.

For the avoidance of doubt the Central Bank does not issue, sell, trade or list these bonds. And in the case of Israeli sovereign bonds, we do not authorise or supervise them and they are not listed on a stock exchange we regulate.

It is also important to be clear that under the Prospectus Regulation, it is up to the third-country sovereign to choose one EU Member State to apply to for approval of its prospectus. The competent authority of the chosen Member State is then obliged to discharge the relevant duties within the Prospectus Regulation. In effect the Central Bank is carrying out a role mandated by EU law.

## **Sanctions**

While central banks have many powers and functions, their roles are still limited to their mandate.

Under the EU's legal framework, the European Commission is responsible for trade policy and trade relations with third countries.

The Central Bank has no mandate to impose sanctions on any State or person for breaches or alleged breaches of international law.

The EU implements sanctions adopted by the UN and adopts its own sanctions in certain circumstances. As Committee members know, unlike the EU sanctions against Russia after its invasion of Ukraine, the EU has not, at this time, adopted sanctions against the State of Israel.

The Central Bank would of course implement any sanctions adopted by the EU that are applicable to the Central Bank's functions, as we have with Russia.

## **Impact of international law rulings and opinions**

It has been stated that the Central Bank could refuse to approve the Israeli bond prospectus on the basis of certain international law rulings and opinions, namely on the basis of the International Court of Justice (ICJ) provisional rulings in the ongoing South

Africa – Israel case or on the basis of the ICJ opinion on the Occupied Palestinian Territory. This is incorrect. The Central Bank cannot decide to impose sanctions for breaches or alleged breaches of international law.

The South Africa case against Israel referred to the ICJ in December 2023 alleges breaches of the Genocide Convention<sup>3</sup>, with regard to Israel's actions in Gaza. In that case the ICJ has found that the rights claimed by South Africa were plausible. On that basis, the ICJ issued certain provisional measures to Israel between January and May 2024. This case, which Ireland has now filed a declaration of intervention, is ongoing and remains to be determined.

Separately, in an advisory opinion, from July 2024, the ICJ found that Israel's continued presence in the Occupied Palestinian Territory is unlawful.

It is for international bodies such as the UN or the EU to determine how to respond to breaches or alleged breaches of international law, including to determine whether sanctions are necessary. The Central Bank cannot impose sanctions on Israel – for example by refusing to approve the Israeli bond prospectus – in circumstances where the EU has not imposed any such sanctions itself.

## **Further Prospectus Reviews**

The currently approved prospectus will expire on 1 September 2025. Should the State of Israel seek a further approval of its bond prospectus, we will ensure that the review process is carried out in line with the requirements of the Prospectus Regulation.

## **Conclusion**

To conclude, we must carry out the statutory tasks and functions which have been assigned to us. We have to work within the law and the prospectus issued by the State of Israel meets the standards of completeness, consistency and comprehensibility required by the law. We will continue to carefully and comprehensively discharge our obligations under the EU Prospectus Regulation.

Finally, let me reiterate my own sense of sadness and horror at the continued, unconscionable, killing and injury of people, the blocking of humanitarian aid, and the shocking implications for all involved in this conflict. I speak for everyone at the Central Bank when I say that we want to see an immediate end to hostilities by all parties.

---

<sup>1</sup> Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

<sup>2</sup> Regulation (EU) 980/2019.

<sup>3</sup> The Convention on the Prevention and Punishment of the Crime of Genocide (the Genocide Convention).