A Guidance Note on Completing an Application for:

- Authorisation as a Payment Institution
- Authorisation as an Electronic Money Institution
- Registration as an Account Information Service Provider or
- Registration as a Small Electronic Money Institution

under the European Union (Payment Services) Regulations 2018 and/or the European Communities (Electronic Money) Regulations 2011 (as amended)

April 2018
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1. Introduction

This ‘Guidance Note’ should be read before commencing the completion of an Application Form for Authorisation as a Payment Institution or Electronic Money Institution, or for Registration as an Account Information Service Provider or a Small Electronic Money Institution.

This document provides guidance to applicants in relation to the requirements of the Central Bank of Ireland (Central Bank) when completing an Application Form for Authorisation as a Payment Institution (PI) or Electronic Money Institution (EMI), or when completing an Application Form for Registration as an Account Information Service Provider (AISP) or a Small EMI under the European Union (Payment Services) Regulations 2018 (PSR) and/or the European Communities (Electronic Money) Regulations 2011 (as amended) (EMR). It does not constitute legal advice nor does it seek to interpret relevant legislation.

The Central Bank is the competent authority in Ireland responsible for the authorisation/registration and the supervision of PIs and EMI.

The onus is on applicant firms to ensure they are satisfied that they are conducting an activity that requires authorisation/registration. In this regard, Regulation 2 of the PSR defines a ‘payment institution’, a ‘payment service’ is any business activity listed in the Schedule to the PSR and Regulation 3 of the EMR define what constitutes electronic money.

To obtain an authorisation/registration as a PI or EMI, an application for authorisation/registration must be submitted to the Central Bank. The application must satisfy the Central Bank that the applicant complies with the appropriate regulatory requirements.

The Central Bank offers the facility of an optional pre-application meeting to potential applicants to answer specific questions about any aspect of the application process and completing the Application Form for Authorisation/Registration as a PI or EMI. Please note that the Central Bank recommends that applicants who wish to avail of this facility have prepared their application material to an advanced state before requesting such a meeting and have their specific questions prepared in advance in order that the meeting can be as productive as possible. Information in respect of the Central Bank’s application process, including the relevant service standards in this regard, and all relevant application documentation for payment institutions and electronic money institutions is available on the Central Bank website.

2. Criteria for Assessing Applicants

Regulation 7 of the PSR and Regulation 8 of the EMR set out the information that must accompany an application for authorisation/registration as a PI or EMI.

Article 5(5) of Directive (EU) 2015/2366 (PSD2) confers on the European Banking Authority (EBA) the development of Guidelines concerning the information to be provided to competent
authorities in an application for authorisation as a PI or EMI and for registration as an AISP. The EBA published these Guidelines (EBA Guidelines) on its website on 11 July 2017.

The following Application Forms (the Application Forms) published by the Central Bank reflect the information requirements set out in Regulation 7 of the PSR, Regulation 8 of the EMR and the EBA Guidelines:

- Application Form for Authorisation as a Payment Institution;
- Application Form for Registration as an Account Information Service Provider;
- Application Form for Authorisation as an Electronic Money Institution; and
- Application Form for Registration as a Small EMI.

This Guidance Note should be read in conjunction with:

- the relevant legislation including the PSR and (where applicable) the EMR;
- the Fitness and Probity Standards (issued by the Central Bank under Section 50 of the Central Bank Reform Act 2010);
- the Guidance on the sector specific requirements that apply to persons seeking approval for a Pre-Approval Controlled Function role in a Payment Institution or Electronic Money Institution;
- the EBA Guidelines; and
- the relevant Central Bank Application Form.

The following areas are assessed by the Central Bank in considering an application for authorisation/registration as a PI or EMI and reflect the EBA Guidelines:

- Identification Details
- Programme of Operations
- Business Plan
- Structural Organisation
- Evidence of Initial Capital*
- Measures to Safeguard the Funds of Payment Services Users*
- Governance Arrangements and Internal Control Mechanisms
- Procedure for Monitoring, Handling and Following up on Security Incidents and Security-Related Customer Complaints
- Process for Filing, Monitoring, Tracking and Restricting Access to Sensitive Payment Data
- Business Continuity Arrangements
- The Principles and Definitions Applicable to the Collection of Statistical Data on Performance, Transactions and Fraud*
- Security Policy Document
- Internal Control mechanisms to Comply with Obligations in relation to Money Laundering and Terrorist Financing*
- Identity and Suitability Assessment of Persons with Qualifying Holdings in the Applicant*
- Identity and Suitability Assessment of Directors and Persons Responsible for the Management of the Applicant
- Identity of Statutory Auditors and Audit Firm*
- Professional Indemnity Insurance or a Comparable Guarantee for Payment Initiation Services and Account Information Services
The requirements in relation to each of these headings are detailed in the aforementioned Application Forms.

*Some of the EBA Guidelines do not apply to AISPs and therefore are not included in the Application Form for Registration as an Account Information Service Provider.

The requirements in relation to each of the areas outlined above are set out in the relevant Application Forms. An authorisation/registration as a PI or EMI will only be granted to a legal person established in the State with its head office and its registered office in Ireland, however registration as an AISP may be granted to a legal person or a natural person.

It should be noted that submitting the information requested in the relevant Application Form does not mean that an application is ‘complete’. The Central Bank may need to ask additional questions or seek further information and/or documentation to clarify the information provided by an applicant in the relevant Application Form. It is only when all additional information and/or documentation requested has been provided that the Central Bank will be in a position to determine whether an application is complete.

As set out in the Application Forms, the information provided therein should be true, complete, accurate and up to date. The level of detail should be proportionate to the applicant’s size and internal organisation, and to the nature, scope, complexity and riskiness of the particular service(s) the applicant intends to provide.

3. Making an Application

In advance of submitting an application for authorisation/registration, an applicant should satisfy itself that:

- its proposed business model requires authorisation/registration pursuant to the PSR or pursuant to the EMR;
- it can comply with the authorisation/registration requirements for PIs and/or EMIs (as applicable);
- it is capable of complying with, and adhering to, the authorisation/registration requirements and supervisory requirements that must be satisfied on an on-going basis; and
- it has read this Guidance Note, and has taken the information provided therein into consideration when completing the relevant Application Form for Authorisation/Registration.

The Documentation Required to Make an Application for Authorisation/Registration

An applicant should submit the following documentation which should be fully completed:

1. The relevant Application Form (including the specific information/documentation requirements set out therein);
2. The Anti-Money Laundering, Counter-Terrorist Financing and Financial Sanctions Pre-Authorisation Risk Evaluation Questionnaire for Payment Institution and Electronic Money Institution Applicants (not applicable where the applicant is only seeking
registration as an AISP [in respect of account information services only] including the specific information/documentation requirements set out therein); and

3. Qualifying Holder Application Form(s), as appropriate:

    - Application for a Legal Person or Other Entity Type with a Qualifying Holding in an Applicant Payment Institution or Electronic Money Institution

    - Application for a Natural Person with a Qualifying Holding in an Applicant Payment Institution or Electronic Money Institution

    - Application for a Director of a Legal Person or Entity with a Qualifying Holding in an Applicant Payment Institution or Electronic Money Institution

Once an application is submitted the applicant will also need to ensure that all relevant individuals proposed to hold a Pre-Approval Controlled Function role (typically board members, senior management, key function holders) complete Fitness and Probity Individual Questionnaires – further information is available here. Individual Questionnaires must be submitted electronically via the Central Bank’s Online Reporting System by all relevant individuals.

Please note that access to the online Individual Questionnaire only becomes available after an application has been deemed to contain all the key information needed to progress to the assessment phase of the application process.

The completed Application Form, along with all relevant accompanying material, should be submitted in both soft and hard copy format to the Central Bank. The paper copy should be sent to:

Payments Authorisations Team, Consumer Protection: Policy & Authorisations, Central Bank of Ireland, PO Box 559, Dublin 1.

The electronic version can be included along with the paper copy or be sent to piauthorisations@centralbank.ie or emiauthorisations@centralbank.ie, as appropriate. The use of regular postal services and/or unsecured email is not recommended for sensitive or confidential material.

The Central Bank will undertake a preliminary review of applications submitted to ensure all key information has been provided. Where key information has not been provided the applicant will be informed that the application will not be progressed until the outstanding documents have been provided. Instances where this may occur include where:

    1. Any of the specific documentation and other information requested in the Application Form has not been provided;
    2. Any of the documentation/information provided is clearly and materially deficient; or
    3. Documentation received has not been appropriately referenced and/or labelled.

An applicant should not make an application submission to the Central Bank where it has not determined with reasonable certainty the scope of the activities in which it proposes to engage and its proposed business and operational model. There should be no significant
changes made to the applicant’s application for authorisation/registration during the course of the application process. Where such significant changes are made, a new application submission will be required.

The Central Bank authorises/registers PIs and EMIs on the basis of the information provided in the applicant’s application for authorisation/registration. All applicants granted an authorisation/registration as a PI or EMI will be required to operate in accordance with the information provided in their application for authorisation, except where this information is altered with the approval of the Central Bank. It should be noted that ‘Maintenance of authorisation’ is provided for under the PSR and EMR. This requires that where any change affects the accuracy of information and evidence provided by a PI or EMI in its application for authorisation in accordance with Regulation 7 (PSR) or 8 (EMR), the PI or EMI shall, without undue delay, inform the Central Bank in writing accordingly.

All reasonable steps must be taken by an applicant to ensure that the information provided to the Central Bank in its application for authorisation/registration is accurate and complete.

Applicants should note that it is an offence under Regulation 127 of the PSR and Regulation 69 of the EMR to provide false or misleading information in an application for authorisation/registration as a PI or EMI.

4. Guidance on Completing an Application Form for Authorisation / Registration as a Payment Institution or Electronic Money Institution

This section provides assistance for applicants when answering some of the questions set out in the Application Forms. Please note that the referencing sequence mirrors that of the Application Forms and incorporated EBA Guidelines. Please note that the EBA Guideline numbers may differ in the Application Form for AISPs. As many of the questions set out in the Application Forms are quite specific with regard to the information/documentation that is required, only the sections (or sub-sections) where further guidance is deemed appropriate are listed.

Applicants should ensure that ALL questions set out in the relevant Application Form are answered succinctly and fully and that all the documentation requested therein is included with the application submission.

Guideline 1: General Principles

<table>
<thead>
<tr>
<th>PI, EMI and Small EMI (where applicable)</th>
<th>AISP</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.1</td>
<td>If applying for Payment Service 8 of the Schedule to the PSR only, the applicant must complete the Application Form for Registration as an AISP.</td>
</tr>
</tbody>
</table>
### Guideline 2: Identification Details

<table>
<thead>
<tr>
<th>PI, EMI and Small EMI (where applicable)</th>
<th>AISP</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 (a)</td>
<td>2.2(a)</td>
<td>This name must mirror the applicant’s constitutional documentation and the name registered with the Companies Registration Office at the date of submission of the Application Form and, if different, the registered trading name that the applicant will use for the branding of its services, promotions, advertising etc.</td>
</tr>
<tr>
<td>N/A</td>
<td>2.1(b)</td>
<td>This would typically be a copy of the applicant’s passport or driving license.</td>
</tr>
<tr>
<td>2.1 (b)</td>
<td>2.2(b)</td>
<td>While an applicant is not precluded from making an application while in the process of incorporation, an authorisation shall only be granted by the Central Bank to a legal person established in the State.</td>
</tr>
<tr>
<td>2.1 (c)</td>
<td>2.2(c)</td>
<td>This will typically be the firm’s Companies Registration Office registration number.</td>
</tr>
<tr>
<td>2.1 (d)</td>
<td>2.3(d)</td>
<td>An applicant seeking authorisation/registration as a PI or EMI must be a corporate body constituted under Irish law and it must have its head office, and where relevant its registered office, in Ireland. There are a number of company types provided for under Irish law e.g. a private company limited by shares, a designated activity company etc. Further information is available in the Companies Act 2014. An applicant seeking registration as an AISP may be a legal person or a natural person. Constitution means ‘the constitution of a company as provided for in section 19 of the Companies Act 2014, or in the case of a company that is not a private company limited by shares, as provided for in Part 16, 17, 18, 19 or 24, as appropriate’.</td>
</tr>
</tbody>
</table>
| 2.1(e)                                  | 2.3(e)| The PSR and the EMR do not define what is meant by a firm’s “head office”. It is a matter to be determined, given the particular circumstances of each case. In general, the Central Bank interprets “head office” to mean the location of the mind and management of the applicant and the place where the day-to-day decisions about the direction of the applicant’s business are taken. While the onus of meeting the statutory requirements and satisfying the Central Bank that adequate and effective control of an entity rests in Ireland (not
abroad) lies with the applicant, some guidance on what the Central Bank would expect to see is set out below.

This is not intended to be a ‘formula’ for meeting the “head office” requirement. However, it does provide an indication of what the Central Bank will expect to see in this regard. The Central Bank will expect decision-making at Board and Committee level to take place within the State. In addition, to ensure the central management is located within the “head office”, its functions must include (where applicable):

- Financial Control;
- Legal and Compliance; and
- Risk Management.

It follows that there should be a significant senior management presence (within the applicant) in the State to ensure that full authority and effective control of the applicant rests within the “head office”.

It should be noted that in order to meet the requirements of Regulation 21 of the PSR, an applicant payment institution must carry out at least part of its payment services business in Ireland.

| 2.1(g) | 2.2(g) | This must be someone who is familiar with the applicant’s business model and its application submission and must be someone who works for/will work for the applicant if and when authorised, and not a professional advisor to the applicant. |
| 2.1(h) | 2.2(h) | If the applicant has been, or is being, regulated by a competent authority in the financial services sector the following details should be provided:
  - the sector in which the applicant is/was regulated;
  - the date authorised from and the date authorisation ceased (if applicable); and
  - the reason for the revocation/withdrawal of authorisation (if applicable). |
| 2.1(i) | N/A | If the applicant is a member of any trade association in relation to the provision of payment services, or intends to join one, details should be provided. |
| 2.1 (j) | 2.2(i) | This will typically be a copy of the certificate of incorporation issued by the Companies Registration Office. Applicants that are not yet incorporated should note that they will be required to be incorporated and have submitted a copy of their certificate of incorporation before authorisation/registration can be granted. |
| 2.1 (k) | 2.2(j) | Currently in Ireland, there is no application fee for applying for authorisation/registration as a PI or EMI. Please note that, once authorised/registered, all regulated firms are subject to Central Bank Industry Funding Levy requirements. |
### Guideline 3: Programme of Operations

<table>
<thead>
<tr>
<th>PI</th>
<th>AISP</th>
<th>EMI and Small EMI (where applicable)</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>3.1(a)</td>
<td>The applicant should provide a description of the electronic money services it intends to provide including full details on the issuance, redemption, distribution.</td>
</tr>
</tbody>
</table>
| 3.1(a) | 3.1(a) | 3.1(b) | **For PIs:** This should include a step-by-step description of how the payment services offered will operate in practice, i.e. a description of the payment service mechanism from start to finish.  
**For EMIs:** This should include a step-by-step description of how the electronic money services offered will operate in practice, i.e. a description of the electronic money service mechanism from start to finish.  
**For AISPs:** This should include a step-by-step description of how the account information services offered will operate in practice, i.e. a description of the account information service mechanism from start to finish. |
<p>| 3.1(c) | N/A  | 3.1(d)                             | Reference to the payment service(s) the firm is seeking authorisation to carry out, as provided for in the Schedule to the PSR, must be provided. The information requested for each payment service the firm will offer in its first 18 months of operation must also be provided. |
| 3.1(f) | 3.1(e) | 3.1(g) | For example, ensuring the execution of payment transactions, foreign exchange services, safekeeping activities, and the storage and processing of data. |
| 3.1(g) | N/A  | 3.1(h)                             | PIs/EMIs may grant credit relating to payment services (4) or (5) of the Schedule to the PSR, only if all of the conditions outlined in Regulation 29(4) of the PSR are met. |</p>
<table>
<thead>
<tr>
<th>3.1(h)</th>
<th>3.2(f)</th>
<th>3.1(i)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(N/A for Small EMI)</td>
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</table>

Applicants should not submit passporting application forms until after authorisation/registration.

<table>
<thead>
<tr>
<th>3.1(i)</th>
<th>3.1(g)</th>
<th>3.1(j)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(3.1(i))</td>
<td>(3.1(j)) for Small EMI</td>
</tr>
</tbody>
</table>

In accordance with Regulation 20 of the PSR and 11(4) of the EMR, where a PI provides any of the payment services (1) to (8) of the Schedule to the PSR or where an EMI issues electronic money and, at the same time, is engaged in other business activities, the competent authorities may require the establishment of a separate entity for the payment services business, where the non-payment service activities of the PI/EMI impair or are likely to impair either the financial soundness of the PI/EMI or the ability of the competent authorities to monitor the PI’s/EMI’s compliance with all of its obligations laid down by the PSR/EMR.

<table>
<thead>
<tr>
<th>3.1(j)</th>
<th>3.1(h)</th>
<th>3.1(k)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(N/A for Small EMI)</td>
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</tbody>
</table>

The relevant EBA Guidelines on the criteria on how to stipulate the minimum monetary amount of the professional indemnity insurance or other comparable guarantee under Article 5(4) of PSD2 can be found at the following link.

The EBA has developed a tool for calculating the level of professional indemnity insurance that is required. It can be accessed here. Applicants are advised to use this tool and submit the figures used along with the resulting calculation as part of their application submission.

Please note that Small EMIs are not permitted to provide account information services or payment initiation services.

**Guideline 4: Business Plan**

<table>
<thead>
<tr>
<th>PI, EMI and Small EMI (where applicable)</th>
<th>AISP</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
</table>
| 4.1(c) | 4.1(c) | The financial projections in respect of the applicant for the first three years must be sufficiently detailed to demonstrate compliance with the initial capital requirement and the ability to meet capital requirements on an on-going basis.

The financial projections must be submitted in the following format:

a) A projected balance sheet as at authorisation date is required in order to confirm that the applicant will be in a position to meet its regulatory capital requirements as at authorisation date. This
balance sheet should also identify the applicant’s set up costs and how they have been paid for.

b) The projected period must commence at Day 1 of the proposed authorisation period and each period must be titled Year 1, Year 2 and Year 3.

c) The Profit and Loss Account must be in the following format: Income Less Expenses = Gross Profit Less Taxation = Net Profit Less Dividends (if any) = Retained Profit.

d) Only Year 1 of the Profit and Loss Account must be broken down into monthly periods. Year 2 and Year 3 need not be broken down into monthly periods and therefore yearly totals should be provided for each.

e) The Income section of the Profit and Loss Account must be broken down into separate line items that distinguish between the different payment/electronic money services carried out and other regulated / non-regulated activities carried out. Each line item must account for the income projected for each activity as highlighted in the application.

f) The applicant must provide workings/detailed calculations for each month/year in order for the Central Bank to reconcile the projected income to be derived from that line of activity against the applicant’s assumptions for that activity, e.g. it could be based upon x number of clients/transactions/transaction value with the applicant earning e.g., a certain amount per transaction or certain percentage of transaction volume.

g) The Expenses section of the Profit and Loss Account must break down each individual expense item to the extent that distinguishes between the different categories of expenses. For example, categories of expense will include salaries, rent, utilities, subscriptions etc. and therefore need not be broken down any further.

h) The Retained Profit/Loss must also incorporate the latest financial position of the applicant, i.e. where an applicant is currently trading it must carry forward its latest (available) retained profit/loss.

i) The Balance Sheet must be in the following format: Fixed Assets + Current Assets Less Current Liabilities = Net Assets = Shareholders Funds.

j) It is critical that the applicant ensures that the Retained Profit/Loss figure in the Balance Sheet reconciles with the Profit and Loss Account while ensuring in cases where an applicant is currently trading, its retained profit/loss figures to date (based on audited accounts and/or latest management accounts) are accurately being carried forward into the projections.

The applicant must provide a note describing all line items accounted for in the Profit and Loss Account and Balance Sheet. The description can be appropriately brief as long as it is sufficiently clear what the entry is providing for. Furthermore, where an amount in a line item is fluctuating by greater than 10% per year [or month in the case of Year
1 of the Profit and Loss Account (only)] an explanation must be provided in the note to explain the rationale behind the movement.

When providing target and stress scenarios as required, applicants are required to demonstrate to the Central Bank how they will be in a position to manage the risk that they might not be in a position to operate within the bandwidth of its financial projections. For example, where the applicant is heavily reliant on a particular client(s), or if the applicant’s business does not grow as quickly as projected, the stress scenarios should outline the financial impact upon the applicant’s viability or ability to meet its regulatory capital requirements (either long or short term).

### 4.1(d) N/A

An applicant’s initial capital requirement is dependent upon the payment or electronic money services that it proposes to provide:

<table>
<thead>
<tr>
<th>Payment Services (see the Schedule to the PSR)</th>
<th>Initial Capital Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIS (service 8 of The Schedule, PSR)</td>
<td>Nil</td>
</tr>
<tr>
<td>Money Remittance (service 6 of the Schedule, PSR)</td>
<td>€20,000</td>
</tr>
<tr>
<td>PIS (service 7 of the Schedule, PSR)</td>
<td>€50,000</td>
</tr>
<tr>
<td>Other payment services (services 1-5 of the Schedule, PSR)</td>
<td>€125,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Electronic Money Institutions</th>
<th>Initial Capital Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMI</td>
<td>€350,000</td>
</tr>
<tr>
<td>Small EMI</td>
<td>€125,000</td>
</tr>
</tbody>
</table>

It should be noted that there is no additional initial capital requirement for EMIs intending to provide payment services which are not related to the provision of electronic money services.

### 4.1(e) N/A

**For PIs:**

**Method A Calculation**

When calculating the applicant’s fixed overhead requirement, if the applicant is of the view that certain items are not fixed overheads and can be deducted when calculating the applicant’s Method A calculation, it is required to outline how these non-fixed expenses fall under the following categories, which the Central Bank considers to be deductible when calculating the applicant’s own funds requirement:

a) exceptional and extraordinary non-recurring expenses as noted in the audited financial statements;

b) shared commissions paid, other than to officers and staff of the applicant;

c) fully discretionary profit shares and bonuses;
d) losses arising on the translation of foreign currency balances;
e) depreciation;
f) amortisation of intangible assets; and
g) losses on disposal of fixed assets where these are not incurred in the regular course of business.

**Method B Calculation**
The applicant is required to clearly outline the projected payment volume which it utilises when making this calculation. The payment volume figure should be the same as that provided within the applicant’s financial projections.

**Method C Calculation**
The applicant is required to clearly outline the projected income arising from its:
- a) interest income;
- b) interest expenses;
- c) the commissions and fees it receives; and
- d) other operating income.

The figures used to calculate each of items a) to d) above should be referenced in the figures used in the applicant’s financial projections.

**For EMIs:**

In accordance with Regulation 15 of the EMR, Method D is calculated as ‘at least 2% of the average outstanding electronic money.’

**Method D Calculation**
The applicant is required to clearly outline its projected electronic money issuance volume which it utilises when making this calculation. The applicant should also clearly set out how it calculates average outstanding electronic money. Volume figures used in these calculations should be clearly tied back to those provided within the applicant’s financial projections.

Where an applicant EMI proposes to carry out non-electronic money payment services, it is required to calculate an additional own funds requirement in accordance with Method A, B and C, as outlined above for PIs.

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**Guideline 5: Structural Organisation**

<table>
<thead>
<tr>
<th>PI, EMI and Small EMI (where applicable)</th>
<th>AISP</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
</table>

5.1(e) iv. N/A This section requires applicants to provide details relating to their interaction with payment systems e.g. those operated by ABE Clearing S.A.S.

5.1(f) 5.1(e) The applicant is required to ensure that it understands the definition of ‘close links’ and identifies all relationships which meet this definition. Close links exist between two or more legal or natural persons if—

a) they are linked by—
   i. participation in ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking, or
   ii. a control relationship (that is, the relationship between a parent undertaking and a subsidiary, or a similar relationship between a person and an undertaking), or

b) they are permanently linked to the same third person by a control relationship.

The existence of close links must not prevent the Central Bank from effectively supervising the applicant. Possible examples of the kind of issues that might prevent the Central Bank’s effective supervision of a PI or EMI might include anything that might:

- affect an applicant’s ability to provide adequate information to the Central Bank at any time;
- hinder the flow of information from an applicant or an applicant’s close link to the Central Bank at any time;
- prevent the Central Bank from being able to assess the overall financial position of an applicant or its close link at any time.

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**Guideline 6: Evidence of Initial Capital**

<table>
<thead>
<tr>
<th>PI, EMI and Small EMI (where applicable)</th>
<th>AISP</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1(a)</td>
<td>N/A</td>
<td>The Central Bank cannot authorise an applicant until it has received evidence that the applicant has satisfied its initial capital requirement and that the applicant has demonstrated an ability to comply with capital requirements on an on-going basis. Evidence of how the initial capital requirement is met must be submitted to the Central Bank, e.g. evidence of funds being lodged(^1), a certified copy of the share register (the name of the applicant must be clearly identifiable on the share register), etc. The most recent audited financial statements alone will not suffice in the event of any additional injection of capital having been made.</td>
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\(^1\) For example, by means of an auditor’s confirmation, bank statements, etc.
since the financial year-end to satisfy the initial capital requirement. Documentation evidencing the injection of capital must also be submitted to the Central Bank.

If the applicant proposes to use a Capital Contribution Agreement in order to meet its initial capital requirement, it is expected that the Central Bank’s standard format will be used. It can be found at the following link.

If the applicant proposes to use a subordinated loan agreement towards meeting its own funds requirement, it is expected that the Central Bank’s standard format will be used, a copy of which can be found here.

Guideline 7: Measures to Safeguard the Funds of Payment Service Users (applicable to payment services 1-6 only)

<table>
<thead>
<tr>
<th>PI, EMI and Small EMI (where applicable)</th>
<th>AISP</th>
<th>Guidance for each Relevant Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>N/A</td>
<td>This requirement does not apply to applicants that will not receive funds from, or on behalf of, payment service users such as those that intend to provide payment initiation services and/or account information services only.</td>
</tr>
</tbody>
</table>

Guideline 8 (6 for AISP Only): Governance Arrangements and Internal Control Mechanisms

<table>
<thead>
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</thead>
</table>
| 8.1(a)                                  | 6.1(a) | A map of the risks identified by the applicant, including the type of risks and the procedure the applicant will put in place to assess and prevent such risks should be provided. Such risks may include (depending on the nature of the services being provided):
  - Settlement risk (a settlement of a payment transaction does not take place as expected)
  - Operational risk (loss from inadequate or failed internal processes, people or systems) |
<table>
<thead>
<tr>
<th>Section 8.1(b)</th>
<th>Section 6.1(b)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparty risk (that the other party to a transaction does not fulfil its obligations)</td>
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<tr>
<td>Liquidity risks (inadequate cash flow to meet financial obligations)</td>
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<tr>
<td>Market risk (risk resulting from movement in market prices)</td>
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<tr>
<td>Financial Crime risk (the risk that the firm or its services might be used for a purpose connected with financial crime)</td>
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<tr>
<td>Foreign Exchange risk (fluctuations in exchange rates)</td>
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</table>

Such information would include details of operational controls, compliance arrangements and internal audit arrangements.

Section 8.1(d) | Section 6.1(d) | Examples of persons responsible for internal control functions would include an applicant’s Chief Operations Officer, Compliance Officer and Internal Audit Officer.

Section 8.1(f) | Section 6.1(f) | This would include details of the board of directors, the management team, any management committees established as well as any Board committees established with specific oversight responsibilities.

Applicants are expected to have a balance of executive and non-executive directors on their boards.

For all applicants, the Central Bank requires that at least one independent Non-Executive Director be on the board of directors. The Central Bank reserves the right to require greater independent non-executive representation on the board of directors depending on the nature, scale and complexity of the applicant’s proposed activities.

Independent Directors (criteria):

The following criteria must be considered and given reasonable weight in order to assess whether a director is independent:

- Any financial or other obligation the individual may have to the applicant or its directors;
- Whether the individual is or has been employed by the applicant or a group company in the past and the post(s) so held;
- Whether the individual is or has been a provider of professional services to the applicant in the recent past;
- Whether the individual represents a significant shareholder in the applicant;
- Circumstances where the individual has acted as an independent non-executive director of the applicant for extended periods;
- Any additional remuneration received in addition to the director’s fee, related directorships or shareholdings in the applicant; and
- Any close business or personal relationship with any of the applicant’s directors or senior employees.

Section 8.1(g) | Section 6.1(g) | Details as to how outsourced functions are monitored and controlled on a day-to-day basis should be provided. The description provided should include:

- Details of on-going reporting;
- Details of how service levels are monitored; and
Guideline 9 (7 for AISPs): Procedure for Monitoring, Handling and Following Up on Security Incidents and Security-Related Customer Complaints

For all PI, AISPs, EMI and Small EMI applicants, please note that the requirements of the EBA Guidelines on the Security of Internet Payments will continue to apply, until they have been superseded by the implementation of the EBA Guidelines on Operational and Security Risks, the EBA Guidelines on Incident Reporting and the EBA Regulatory Technical Standards on Secure Customer Authentication and Secure Communication.

Guideline 10 (8 for AISPs): Process for Filing, Monitoring, Tracking and Restricting Access to Sensitive Payment Data

For all PI, AISPs, EMI and Small EMI applicants, please note that the requirements of the EBA Guidelines on the Security of Internet Payments will continue to apply, until they have been superseded by the implementation of the EBA Guidelines on Operational and Security Risks, the EBA Guidelines on Incident Reporting and the EBA Regulatory Technical Standards on Secure Customer Authentication and Secure Communication.

Guideline 11: Business Continuity Arrangements

No further guidance.

Guideline 12: The Principles and Definitions Applicable to the Collection of Statistical Data on Performance, Transactions and Fraud

All PI, AISPs, EMI and Small EMI applicants, applicants should consider the relevant fraud reporting EBA Guidelines when these become available.

For all PI, AISP, EMI and Small EMI applicants, please note that the requirements of the EBA Guidelines on the Security of Internet Payments will continue to apply, until they have been superseded by the implementation of the EBA Guidelines on Operational and Security Risks, the EBA Guidelines on Incident Reporting and the EBA Regulatory Technical Standards on Secure Customer Authentication and Secure Communication.

Guideline 14: Internal Control Mechanisms to Comply with Obligations in Relation to Money Laundering and Terrorist Financing

<table>
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</tr>
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<tbody>
<tr>
<td>14.1(a)</td>
<td>N/A</td>
<td>The Central Bank’s ‘Anti-Money Laundering, Counter Terrorist Financing and Financial Sanctions Risk Evaluation Questionnaire for Payment Institution and Electronic Money Institution Applicants’ Form, which addresses Guideline 14, must accompany the application submission. This form sets out full details regarding the information that an applicant must submit in relation to AML/CFT obligations.</td>
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</tbody>
</table>

Guideline 15: Identity and Suitability Assessment of Persons with Qualified Holdings in the Applicant

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>15.1(d)</td>
<td>N/A</td>
<td>A Central Bank Qualifying Holder Application Form in respect of each direct and indirect qualifying holder in the applicant must accompany the application submission for assessment. The form required in respect of each qualifying holder depends on whether</td>
</tr>
</tbody>
</table>
the qualifying holder is a natural or legal person. Additionally, a Qualifying Holder Application Form in respect of each director of a qualifying holder in the applicant must accompany the application submission for assessment.

**Guideline 16: Identity and Suitability Assessment of Directors and Persons Responsible for the Management of the Applicant**

<table>
<thead>
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<tbody>
<tr>
<td>16.1(a)</td>
<td>11.1(a)</td>
<td>Applicants will be provided with log-in details for the Central Bank’s Online Reporting System, to enable them to submit Individual Questionnaires in respect of each Pre-Approval Controlled Function role holder, once the application submission has entered the assessment phase of the application process.</td>
</tr>
<tr>
<td>16.1(b)</td>
<td>11.1(b)</td>
<td><strong>Pre-Approval Controlled Functions</strong> means those functions set out in Schedule 2 of the Central Bank Reform Act 2010 (as amended).</td>
</tr>
<tr>
<td>16.1(c)</td>
<td>11.1(c)</td>
<td>Applicants should note that, under Section 21 of the Central Bank Reform Act 2010 (as amended), a regulated financial services provider should not permit a person to perform a Controlled Function unless it is satisfied on reasonable grounds that the person complies with any standard of fitness and probity issued pursuant to Section 50 of the same Act. The <strong>Guidance on Fitness and Probity Standards</strong> provides further information. Applicants are also advised to review the Guidance on the sector specific requirements that apply to persons seeking approval for a Pre-Approval Controlled Function role in a Payment Institution or Electronic Money Institution.</td>
</tr>
</tbody>
</table>

**Guideline 17: Identity of Statutory Auditors and Audit Firms**

No further guidance.
Guideline 18 (12 for AISPs): Professional Indemnity Insurance or Comparable Guarantee for Payment Initiation Services and Account Information Services

Please see guidance above in relation to 3 (j) (Pis), 3 (h) (AISPs) and 3(k) (EMIs) as appropriate for guidance in relation to how an applicant’s professional indemnity insurance or comparable guarantee should be calculated.

Please note that Small EMIs are not permitted to provide Payment Initiation Services or Account Information Services and therefore this Guideline does not apply to such applicants.

5. Application Processing

The completed Application Form, along with all relevant accompanying material, should be submitted in both soft and hard copy format to the Central Bank. The paper copy should be sent to:

Payments Authorisations Team, Consumer Protection: Policy & Authorisations, Central Bank of Ireland, PO Box 559, Dublin 1

The electronic version can be included along with the paper copy or be sent to piauthorisations@centralbank.ie or emiauthorisations@centralbank.ie, as appropriate. The use of regular postal services and/or unsecured email is not recommended for sensitive or confidential material.

The key stages of the application process for both Payment Institutions and Electronic Money Institutions are detailed on the Central Bank website.

If the applicant has any queries in respect of the application process it can contact the Central Bank at the email addresses outlined above or alternatively submit a Contact Form.