



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Guidance Note on completing an Application for Authorisation as a Credit Servicing Firm and/or Credit Servicer

Part V of the Central Bank Act 1997 (as amended)
European Union (Credit Servicers and Credit Purchasers) Regulations 2023

June 2024

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PART 1 - Introduction

Please note that this Guidance Note should be read by an applicant before it commences completing the Application Form for Authorisation as a Credit Servicing Firm and/or Credit Servicer

Credit Servicing Firms

The [Consumer Protection \(Regulation of Credit Servicing Firms\) Act 2015](#) (“the 2015 Act”) was enacted on 8 July 2015 and amended Part V of the Central Bank Act, 1997 (as amended) (“the 1997 Act”) to introduce a regulatory regime for a new type of entity called a ‘Credit Servicing Firm’, and the activity of credit servicing, as defined in the Act (as amended by the 2015 Act), became a regulated activity in Ireland. The Central Bank became the competent authority in Ireland responsible for the authorisation and supervision of Credit Servicing Firms following the enactment of the 2015 Act. The [Consumer Protection \(Regulation of Credit Servicing Firms\) Act 2018](#) (“the 2018 Act”) was enacted on 24 December 2018 and commenced on 21 January 2019, and amended Part V of the 1997 Act to expand the activity of credit servicing to include holding the legal title to credit granted under a credit agreement and associated ownership activities.

In 2022, the 1997 Act was further amended by the [Consumer Protection \(Regulation of Retail Credit and Credit Servicing Firms\) Act 2022](#) (“the 2022 Act”), for the purpose of expanding the remit of credit servicing activities to include consumer-hire and hire-purchase.

The Central Bank has published *Authorisation Requirements and Standards for Credit Servicing Firms* (“Requirements and Standards”) which applicants seeking authorisation as a Credit Servicing Firm must satisfy in order to be granted an authorisation and which have to be complied with thereafter on an on-going basis. All firms seeking authorisation as a Credit Servicing Firm are required to demonstrate to the Central Bank that they are in a position to meet each of the Requirements and Standards prior to an authorisation being granted.

Credit Servicers

The [European Union \(Credit Servicers and Credit Purchasers\) Regulations 2023 \(S.I. 644 of 2023\)](#) (“the 2023 Regulations”) was signed by the Minister for Finance on 21 December 2023 giving effect to [Directive \(EU\) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers](#) (“the Directive”). The 2023 Regulations came into operation on 30 December 2023.

The 2023 Regulations provides that a credit servicer, who is authorised to engage in credit servicing activities in one EU Member State, is permitted to exercise passport rights and provide such services on a cross-border basis in another EU Member State. If a credit servicer proposes to passport its activities to another Member State, it is required to complete the passporting form contained on our [website](#) and submit a copy with this application form.

Applicants seeking authorisation

Applicants seeking authorisation as a Credit Servicing Firm and/or Credit Servicer must complete the *Application for Authorisation as a Credit Servicing Firm or Credit Servicer* form (“the Application Form”). The Application Form with respect to Credit Servicing Firms and Credit Servicers is available [here](#).

This document provides guidance to applicants in relation to the requirements of the Central Bank when completing the Application Form. **It does not constitute legal advice nor does it seek to interpret relevant legislation.** Applicants should read this Guidance Note in full prior to completing the Application Form.

The Central Bank welcomes applications where the proposed Credit Servicing Firm or Credit Servicer can meet the legislative requirements relating to an authorisation as a Credit Servicing Firm or Credit Servicer and all other applicable legislative requirements and regulatory requirements. The Central Bank will only grant an authorisation to an applicant if it is satisfied that the applicant has demonstrated that it meets the relevant authorisation requirements.

Applicants are advised to seek legal advice if they are unsure as to whether their proposed activities require authorisation pursuant to the 1997 Act and/or 2023 Regulations or with regard to how they should comply with the relevant authorisation requirements. If having received and considered such legal advice, applicants have any doubt about their status, they are advised to submit an application for authorisation.

PART 2 – Terms used in this Guidance Note

Below are descriptions of the terms used in this Guidance Note (and in the application form):

Applicant	The person (i.e., the natural or legal person) making an application submission to the Central Bank seeking authorisation as a Credit Servicing Firm and/or Credit Servicer.
Authorisation	Authorisation as a Credit Servicing Firm and/or Credit Servicer
Application Submission	An application form and <u>all</u> required supporting documentation, including but not limited to, fully completed Individual Questionnaires.
Application Form	A fully completed and signed ‘ <i>Application Form for Authorisation as a Credit Servicing Firm and/or Credit Servicer</i> ’ including the specific information and documentation requested therein.
Central Bank	Central Bank of Ireland
Consumer	<p>‘Consumer’ means any of the following:</p> <ul style="list-style-type: none"> • a person or group of persons, but not an incorporated body with an annual turnover in excess of €3 million in the previous financial year (for the avoidance of doubt a group of persons includes partnerships and other unincorporated bodies such as clubs, charities and trusts, not consisting entirely of bodies corporate); or • incorporated bodies having an annual turnover of €3 million or less in the previous financial year (provided that such body shall not be a member of a group of companies having a combined turnover greater than the said €3 million).
Close links	‘Close links’ means a situation in which two or more natural or legal persons are linked by control or participation, or a situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship.
Participation	‘Participation’, in relation to an undertaking, means the ownership, direct or by way of control, of 20% or more of the voting rights or capital of the undertaking.
Important Operational Function	Important operational function means an operational function where a defect or failure in its performance would materially impair:

	<ul style="list-style-type: none"> • the continuing compliance of the Credit Servicing Firm and/or Credit Servicer concerned with requirements of its authorisation or its other obligations; • its financial performance; or • the soundness or continuity of its Credit Servicing activities. <p>Examples of important operational functions include IT systems and operations (including CRM systems and websites relating to regulatory activities), Internal Audit, Risk Management and Compliance.</p>
Guidance Note	This document – the ‘Guidance Note on completing an Application Form for Authorisation as a Credit Servicing Firm and/or Credit Servicer’.
Pre-Approval Controlled Function (PCF)	Pre-Approval Controlled Function within the meaning of Schedule 2 of the <i>Central Bank Reform Act, 2010</i> .
Qualifying Shareholder	‘Qualifying Shareholder’ means a legal or natural person with a direct or indirect holding of shares or other interest in the applicant which represents 10 per cent or more of the capital or of the voting rights, or any direct or indirect holding of less than 10 per cent of the capital or of the voting rights but which makes it possible to control or exercise a significant influence over the management of the applicant in which a holding subsists.
The 1997 Act	The <i>Central Bank Act, 1997 (as amended)</i>
The 2023 Regulation	The <i>European Union (Credit Servicers and Credit Purchasers) Regulations 2023</i>
CRO	Irish Companies Registration Office
IQ	Individual Questionnaire
Online Portal	Central Bank of Ireland Portal

PART 3 – General Notes

PLEASE NOTE THAT THIS GUIDANCE NOTE SHOULD BE READ IN ITS ENTIRETY BY THE APPLICANT BEFORE IT STARTS TO COMPLETE THE APPLICATION FORM. THE APPLICANT SHOULD ALSO REFER TO THIS GUIDANCE NOTE AS THE APPLICATION FORM IS BEING COMPLETED.

- (a) **The application form should only be completed by an applicant seeking authorisation as a Credit Servicing Firm and/or Credit Servicer.**
- (b) The application form is available on the Central Bank’s website [here](#).
- (c) In advance of submitting an application for authorisation, an applicant should satisfy itself that:
- a. Its proposed business model requires authorisation pursuant to the 1997 Act and/or 2023 Regulations.
 - b. It can comply with the requirements of the 1997 Act and/or 2023 Regulations and any other relevant legislation and regulatory requirements, including but not limited to:
 - i. the Fitness and Probity Standards (Code issued under Section 50 of the *Central Bank Reform Act 2010*) (2014);
 - ii. the Minimum Competency Code 2017 and the Minimum Competency Regulations 2017;
 - iii. the Consumer Protection Code 2012 (including all Addendums thereto);
 - iv. the Code of Conduct on Mortgage Arrears; and
 - v. Credit Reporting Act 2013
 - c. It is capable of complying with, and adhering to, on-going supervisory requirements;
 - d. It has policies and procedures in place to oversee the governance of compliance with applicable legislation;
 - e. It possesses all the information and documentation required by the application form;
 - f. It has read and is familiar with:
 - i. This Guidance Note;
 - ii. The [Authorisation Requirements and Standards for Credit Servicing Firms](#) (as applicable to credit servicing firm applicants); and
 - iii. The Application Form for Authorisation as a Credit Servicing Firm and/or Credit Servicer.
- (d) The legislative and regulatory requirements referred to in this Guidance Note are not exhaustive and the applicant should ensure that it is familiar with, and in a position to comply with all the relevant legislative and regulatory requirements applicable to its proposed regulated activities, should it be granted an authorisation by the Central Bank.
- (e) This Guidance Note provides guidance to applicants in relation to the requirements of the Central Bank when completing the application form. It does not constitute legal advice nor does it seek to interpret relevant legislation or regulatory requirements.
- (f) The Central Bank is the competent authority in Ireland responsible for the authorisation (and supervision) of Credit Servicing Firms and Credit Servicers.
- (g) Any queries in respect of this Guidance Note or the application process should be sent to the Central Bank at creditservicingfirms@centralbank.ie.

PART 4 – Criteria for Assessing Applicants

This Guidance Note should be read in conjunction with:

- Part V of the 1997 Act and/or 2023 Regulations (*as applicable*);
- the Authorisation Requirements and Standards for Credit Servicing Firms (as applicable to credit servicing firm applicants); and
- the Application Form for Authorisation as a Credit Servicing Firm and/or Credit Servicer.

The '[Authorisation Requirements and Standards for Credit Servicing Firms](#)' sets out the requirements that must be satisfied in order for an authorisation as a Credit Servicing Firm to be granted.

The information and documentation that must accompany an application for authorisation as a Credit Servicing Firm and/or Credit Servicer is set out in the Application Form.

The principal areas assessed by the Central Bank in considering the information and documentation submitted with the application form to seek authorisation as a Credit Servicing Firm and/or Credit Servicer include:

- Structure and Organisation of the applicant (including substance and 'mind and management' assessment);
- Programme of Operations;
 - a. Proposed credit servicing activities;
 - b. Description of proposed credit servicing activities
 - c. Business Strategy
 - d. Other credit servicing related activities
 - e. Non-credit servicing related activities
 - f. Fitness and Probity and Pre-Approval Controlled Function (PCF) role holders
- Fitness and probity of Pre-Approval Controlled Function role holders;
- Compliance Plans;
- Governance and staffing arrangements;
- Outsourcing arrangements and oversight of outsourcing (*where applicable*);
- Financial information and solvency;
- Qualifying shareholders; and
- Regulatory background (*where applicable*).

The requirements in respect of each of the above areas are set out in the Application Form. An authorisation as a Credit Servicing Firm and/or Credit Servicer will only be granted to firms established in the State.

Each applicant seeking authorisation must satisfy the Central Bank that it can meet the relevant authorisation requirements. In fulfilling its statutory role in this regard, the Central Bank adopts a robust, structured and risk based process that seeks to ensure that only those applicants that demonstrate compliance with the relevant authorisation requirements are authorised.

The Central Bank seeks to process each application as expeditiously as possible while meeting its obligation to operate a rigorous and effective gatekeeper function. It aims to ensure that the application process is facilitative and accessible from the perspective of applicants and, importantly, that applicants have clarity with regard to the process, its requirements and timelines. See [here](#) for more details.

PART 5 – Making an Application Submission

An applicant should not submit an application for authorisation to the Central Bank where it has not determined, with reasonable certainty, the scope of its proposed activities and its proposed business and operational models. There should be no significant changes made to the application submitted during the course of the application process. Where such significant changes are made, a new application submission may be required or the application may be taken outside the relevant authorisation service standards. The application is expected to represent the proposed activities of the applicant for the first 12 months of operation post authorisation.

Applicants are advised to seek independent legal advice if they are unsure as to whether their proposed activities require authorisation pursuant to the 1997 Act and/or the 2023 Regulations, or if they are unsure as to how they should comply with the relevant authorisation requirements and all relevant legislative, regulatory and supervisory requirements on an on-going basis. If, having received and considered such legal advice, applicants have any doubt about their status, they are advised to submit an application for authorisation.

Documentation required to make an Application Submission

An application submission should contain a **fully completed** application form (including the specific information/documentation set out therein) and should be e-mailed to creditservicingfirms@centralbank.ie.

The application submission will only progress to the Assessment Phase of the application process where the required documentation has been fully completed and submitted accordingly:

- An Application Form for Authorisation as a Credit Servicing Firm and/or Credit Servicer;¹
- A Programme of Operations; and
- A Business Plan.

The list outlined does not refer comprehensively to all pertinent information regarding an application for authorisation as a Credit Servicing Firm and/or Credit Servicer. The application should expand on the requirement information, where necessary, according to the specific nature of the proposed business.

Summary of Key Stages of the Application Process

1. Having determined that its proposed activities require authorisation by the Central Bank under the Act, the applicant must be in a position to provide definite proposals as to how it will meet the relevant authorisation and regulatory requirements.
2. The applicant must ensure that **all** the information and documentation set out in the application form is submitted. **Where an incomplete application is submitted the applicant will be advised that the application does not contain sufficient material to be progressed to the next stage of the application process and may be returned.** Upon receipt of a complete submission, the applicant will be required to register for the [Central Bank's Portal](#), to facilitate the submission of Fitness and Probity Individual Questionnaires (IQs). Guidance and instructions on how to complete the registration process can be found here: [Central Bank of Ireland Portal](#).
3. The applicant will need to ensure that all relevant individuals proposed to hold a PCF role in the applicant complete IQs – more information can be found [here](#). IQs must be submitted electronically via the Central

¹ The Application Form and Guidance Note on completing an application for authorisation can both be found on the Central Bank's website at: <https://www.centralbank.ie/regulation/industry-market-sectors/credit-servicing-firms/authorisation-process>

[Bank of Ireland Portal](#) by all proposed PCF role holders. The applicant must ensure that **all** the information and documentation set out in the IQ is submitted by all proposed PCF role holders in order that fully completed IQs are deemed to have been received.

4. Where the applicant is a Sole Trader or a Company with a single Director, it will be requested to complete Garda Vetting Forms. Please see [here](#) and in relevant section of '[Completing and Submitting an Individual Questionnaire](#)' for guidance on the Vetting Invitation Form, the Vetting Application Form and the required certification and proof of identity documents. If the applicant has any queries in respect of the eVetting process it can contact the Regulatory & Business Services Division of the Central Bank, see [here](#) for contact details.
5. The Central Bank will assess whether the IQs, Vetting Invitation Form and Vetting Application Form (where relevant) have been fully completed.
6. Where all the required information and documentation has not been provided, the applicant will be informed that the application will not be progressed until the outstanding information and documentation has been received and may be returned to the applicant. Any amendments made to the application submission by the applicant during the application process will require an updated signed Declaration to be submitted by the applicant.
7. The Central Bank completes an assessment of the application submission and may issue detailed comments and/or seek additional information for the purposes of assessing and reaching a determination in respect of the application. The applicant is provided with an opportunity to address the comments and requests issued by the Central Bank. The Central Bank will assess these subsequent submission(s) and notify the applicant of its assessment and next steps. The applicant is provided with a further opportunity to address any concerns (if any) arising at this stage in the process. The Central Bank will notify the applicant of its decision in respect of the application submission. The Central Bank may also decide to interview key members of the senior management of an applicant before deciding whether to grant an authorisation. **The Central Bank will only grant an authorisation to an applicant if it is satisfied that the applicant has demonstrated that it meets the relevant authorisation requirements.**
8. Further details about the different stages of the application process and the Central Bank's authorisation service standards can be found on the [Central Bank's website](#).
9. The Central Bank grants an authorisation to an applicant seeking authorisation to act as a Credit Servicing Firm and/or Credit Servicer based on the information it has provided in its application submission. All applicants granted an authorisation as a Credit Servicing Firm and/or Credit Servicer are required to operate in accordance with the information provided in support of their application for authorisation, except where this information is updated with the knowledge of the Central Bank.
10. **Information provided to the Central Bank by an applicant in support of its application for authorisation must be accurate and complete. Applicants should note that the Act provides that the Central Bank may refuse an application for authorisation if the applicant has failed to satisfy the Central Bank that the applicant is, or will be, able to properly fulfil the obligations imposed by or under the Act or any other designated enactment or designated statutory instrument.**
11. In regard to Credit Servicing Firms, section 31(2) of the 1997 Act provides that the Central Bank "[...] may refuse an application for an authorisation that complies with section 30 only if it is of the opinion that [...] information given to the Bank by or on behalf of the applicant in connection with the application is materially false or misleading." For Credit Servicers, Regulation 6(2) of the 2023 Regulations provides that the Central Bank "shall refuse to grant an authorisation where the applicant [Credit Servicer] does not satisfy the requirement specified in [regulation 6(1)] and, where applicable, [regulation 7(2)]."

PART 6 – Application Processing

A completed application form and all required supporting documentation should be submitted to the Central Bank via creditservicingfirms@centralbank.ie

Further details about the different stages of the application process and the Central Bank’s authorisation service standards can be found on the [Central Bank’s website](#).

Any queries in relation to the application form should be sent to creditservicingfirms@centralbank.ie.

PART 7 – Guidance on Completing an Application Form

This section provides guidance to applicants to assist them when answering some of the questions set out in the application form. **The numbering sequence set out in the table below follows that of the questions set out in the application form.**

Applicants should ensure that **ALL** relevant questions set out in the application form are answered succinctly and fully. The application submission should include information relating to the applicant’s proposed activities for the first 12 months of the provision of regulated activities. Where there is a consistent lack of detail or where excessive detail is provided, submission will be returned without review. Answers to questions set out in the Application Form should be presented in a logical manner.

The Central Bank grants an authorisation as a Credit Servicing Firm and/or Credit Servicer on the basis of the information provided in the applicant’s application for authorisation. All application granted an authorisation as a Credit Servicing Firm and/or Credit Servicer 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.

All reasonable steps must be taken by an applicant to ensure that the information provided to the Central Bank in its application for authorisation is accurate and complete. Applicants should note that it is an offence to provide false or misleading information in an application for authorisation.

Section 1: Type of Authorisation

Question	Guidance
N/A	Applicants are required to indicate which authorisation type they are seeking authorisation from the Central Bank - whether as a ‘Credit Servicing Firm, as per Part V of the 1997 Act’ and/or a ‘Credit Servicers, as per the 2023 Regulations’ – by ticking the appropriate box/boxes (as applicable)

	Credit Servicing Firm applicants should read the Central Bank’s <i>Authorisation Requirements and Standards for Credit Servicing Firms</i> prior to submitting this application. Such applicants must confirm they have reviewed this document, accordingly.
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Section 2: Structural Organisation

Question	Guidance
1.	The legal name must be the applicant’s full legal name at the time of making an application submission. For incorporated applicants, this should be the legal name on the applicant’s constitutional document(s) and the name registered with the Irish Companies Registration Office (“CRO”). For partnership applicants, this name should be the names of each of the partners or a name defined in the applicant’s Partnership Agreement (where relevant). For sole trader applicants, this name should be the individual’s name.
3.	The legal status of the applicant should describe the corporate status of the applicant entity which can include the following – Private Company Limited by Shares, Designated Activity Company, Private Company Limited by Guarantee, Unlimited Company, Public Limited Company, Partnership or Sole Trader.
5.	This name must be the registered trading name(s) that the applicant will use for the branding of its regulated and unregulated services, i.e. activities, promotions, advertising, etc. The relevant CRO Business Name Registration Number must also be provided for each trading name.
6.	<p>An applicant’s head office, registered office and principal place of business must be set out in the Application Form and, in any event prior to authorisation, and in accordance with the 1997 Act and the 2023 Regulations, must be located in the Irish State.</p> <p>The registered address must be the registered address of the applicant lodged with the Irish Companies Registration Office. In accordance with the 1997 Act and 2023 Regulations, the “Registered Office” of the applicant must be located in Ireland.</p> <p>What constitutes a “head office” / “principal place of business” is a matter to be determined, given the particular circumstances of each case. In general, the Central Bank interprets “head office” / “principal place of business” 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 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” / “principal place of business” 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” / “principal place of business,” its functions must include:</p> <ul style="list-style-type: none"> • Financial Control; • Legal and Compliance; and • Risk Management. <p>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” / “principal place of business”.</p>
7.	Where the applicant proposes to carry all (or any) of its credit servicing activities at any place other than its principal place of business, either on the date of authorisation or within the first

	12 months of authorisation, it should provide details as to its new principal place of business or any other location which it intends to carry out of if its credit servicing activities from.
9.	Where the applicant proposed to establish other places of business than its principal place of business, either on the date of authorisation or within the first 12 months of authorisation, it should provide details of the relevant locations of the other places of business and the activities proposed to be conducted.
11.	Where the applicant intends to establish a website, either on the date of authorisation or within the first 12 months of authorisation, it must ensure it complies with the relevant obligations in relation to regulatory disclosures and segregation of regulated/unregulated activities as set out in the Consumer Protection Code 2012.
12.	<p>Where the applicant proposes a third party to accept service of correspondence, a senior member of the applicant's leadership team (i.e., principal/director/partner/senior manager) must also be provided to receive such correspondence. The Central Bank will not liaise solely with a third party in relation to an application submission. All correspondence in respect of an application submission will be sent by the Central Bank directly to the senior member of the applicant's leadership team, and where appropriate, to any third party identified by the applicant to accept service of any such correspondence.</p> <p>Applicants should be aware that they remain responsible for any information provided, or the failure to provide requested information, in respect of an application submission, where they engage third parties to complete such tasks.</p> <p>A senior member of the applicant's leadership team (i.e. director/sole trader/partner/senior manager) must be provided to receive login details for the purposes of submitting IQs in respect of proposed PCF role holders in the applicant via the Central Bank of Ireland Portal.</p>
14.	In answered 'yes' to question 13, namely where the applicant has an existing System Administrator with Portal login details, that individual's details should be provided in response to question 12 (b). Where the applicant has an existing System Administrator and wishes to change their System Administrator they should contact onlinereturns@centralbank.ie to request such as change.
15.	<p>Where the applicant proposes a third party to accept service of correspondence, a senior member of the applicant's leadership team (i.e., principal/director/partner/senior manager) must also be provided to receive such correspondence. The Central Bank will not liaise solely with a third party in relation to an application submission. All correspondence in respect of an application submission will be sent by the Central Bank directly to the senior member of the applicant's leadership team, and where appropriate, to any third party identified by the applicant to accept service of any such correspondence.</p> <p>Applicants should be aware that they remain responsible for any information provided, or the failure to provide requested information, in respect of an application submission, where they engage third parties to complete such tasks.</p> <p>A senior member of the applicant's leadership team (i.e. director/sole trader/partner/senior manager) must be provided to receive login details for the purposes of submitting IQs in respect of proposed PCF role holders in the applicant via the Central Bank of Ireland Portal.</p>
16.	Please provide the e-mail address of the team / person who will be responsible for billing purposes, i.e. receiving industry Levy invoices, etc.

Company Applicant

Question	Guidance
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19.	The directors of an incorporated applicant should have assessed whether, based on the applicant's projections, (a) it will be in a positive net asset position as at the date of authorisation, and for the first 12 months of authorisation, and (b) that it will be in a positive cash flow position during the first 12 months of authorisation. The Central Bank expects all applicants to demonstrate that they have the necessary financial resources in place at authorisation.
20.	The applicant should contact creditservicingfirms@centralbank.ie where the financial circumstances of the applicant change to an extent which would render it unable to answer 'Yes' in response to question 19 (a) and/or (b) during the application process, and should also contact creditservicingfirms@centralbank.ie where this occurs after authorisation.

Partnership Applicant

Question	Guidance
23.	A partnership applicant should have assessed whether, based on the projections in relation to each partner's personal and business assets and liabilities, (a) it will be in a positive net asset position as at the date of authorisation, and for the first 12 months of authorisation, and (b) that it will be in a positive cash flow position during the first 12 months of authorisation. This assessment should include both the personal and business finances of each partner. This question MUST BE answered in respect of ALL partners in a partnership applicant. The Central Bank expects all applicants to demonstrate that they have the necessary financial resources in place at authorisation.
24.	The applicant should contact creditservicingfirms@centralbank.ie where the financial circumstances of the applicant change to an extent which would render it unable to answer 'Yes' in response to question 23 (a) and/or (b) during the application process, and should also contact creditservicingfirms@centralbank.ie where this occurs after authorisation.
25.	A list of the names of the partnerships, their status (e.g. Managing, General, Limited) and the percentage capital they each hold should be provided.

Sole Trader Applicant

Question	Guidance
26.	A sole trader applicant should have assessed whether, based on the applicant's projections, (a) it will be in a positive net asset position as at the date of authorisation, and for the first 12 months of authorisation, and (b) that it will be in a positive cash flow position during the first 12 months of authorisation. This assessment should include both the sole trader's personal and business finances. The Central Bank expects all applicants to demonstrate that they have the necessary financial resources in place at authorisation.
27.	The applicant should contact creditservicingfirms@centralbank.ie where the financial circumstances of the applicant change to an extent which would render it unable to answer 'Yes' in response to question 26 (a) and/or (b) during the application process, and should also contact creditservicingfirms@centralbank.ie where this occurs after authorisation.

Group Structure (if applicable)

Question	Guidance
28.	If answered 'yes' to question 28(a) , the applicant should ensure that the Group Organisational Chart provided makes clear the relationships between the applicant and activities of each Group entity.

Section 3 – Programme of Operations

Question	Guidance
1.	The applicant should ensure that all areas in Section 3 of the Application Form are adequately addressed.

Proposed Credit Servicing Activities

Question	Guidance
2.	The applicant should indicate the specific credit servicing activities it proposed to conduct within 12-18 months post authorisation.

Description of Proposed Credit Servicing Activities

Question	Guidance
4.	The applicant is required to provide a clear description of each of the credit servicing activities it conducts/proposes to conduct (by reference to the specific activities indicated in response to question 3 in this section of the Application Form) and how these activities will be conducted and overseen on a day-to-day basis. This should include details of who is responsible for conducting and overseeing each activity, the systems and infrastructure that will be used to conduct and oversee each activity and any activities that will be outsourced. Where activities will be outsourced the applicant is required to provide details of the relevant outsource service provider(s) and a clear description of the level of discretion granted to each outsource service provider(s) in conducting each of the relevant activities on behalf of the applicant. This information is required in order to provide the Central Bank with a full understanding of the activities that the applicant is conducting or proposes to conduct and its proposed business and operational model
6.	The Central Bank has concerns where loan repayments received are being commingled with the applicant's own funds. The Central Bank expects that the applicant will not engage in activities that create a potential for the customer to potentially lose part or all of its repayments.
7.	If answered 'yes' to question 6, the application should assess and clarify whether handling the customer's funds requires authorisation under any other legislation.
8.	If answered 'yes' to question 6, the applicant should set out the details of any safeguarding it proposes to have in place to protect consumers from losses or any other negative impacts.
9.	If answered 'no' to question 6, the application should set out the details of how it will manage loan repayments made by relevant borrowers where the applicant will not handle customer's funds.
12.	The applicant should clarify whether it is engaged in any activities aside from Credit Servicing Activities. These may include unregulated activities or other regulated activities which are regulated under other legislation.
13.	Servicing agreements should be provided where these are in place. Where agreements have not been finalised, draft agreements should be provided.
14.	The applicant should describe each of items (a) – (d) in appropriate detail. The applicant should provide a response to each items (a) – (d) for each portfolio.

Business Strategy

Question	Guidance
15.	The applicant is required to provide a clear description of the manner in which it determines and oversees its overall strategy for holding, managing and administering a portfolio of credit agreements. This should include details of the governance arrangements and internal systems and controls in place to ensure that control over the strategy and key decisions in respect of the portfolio of credit agreements is fully vested in the applicant. This should also include details of how the applicant determines and oversees its conduct risk appetite and its consumer protection strategy. When considering and determining its overall strategy and associated risk management framework, the applicant should consider and give due regard to the Central Bank's Guide to Consumer Protection Risk Assessment published in March 2017. This information is required in order to provide the Central Bank with a full understanding of how the applicant proposes to determine, embed and continue to satisfy itself on an on-going basis that its overall strategy for holding, managing and administering a portfolio of credit agreements is fit for purpose and fully aligned with its legislative and regulatory obligations.
16.	See guidance note to question 15 above
17.	See guidance note to question 15 above
19.	Where an applicant has plans to conduct credit servicing activities in respect of additional loan portfolios, it is required to provide the Central Bank with details of the processes it has in place to on-board such portfolios describing the relevant personnel, IT systems and other necessary resources to take on a new loan portfolio, and also that it has adequate governance arrangements to ensure that all necessary steps are taken to ensure that a loan portfolio is correctly on-boarded. Applicants should consider expectations set in industry letters published on our website in 2019 and 2021 .

Pre-Approval Controlled Functions

Question	Guidance
21.	<p>The applicant should consult the list of PCFs here to assess and determine what PCF roles individuals will be holding in the applicant and should also review and familiarise themselves with the Fitness and Probity Standards applying to those PCF roles. The applicant should ensure that this assessment is robustly completed as delays in identifying PCF role holders or the selection of incorrect PCF roles will substantially delay applications or mean that the application is taken outside the relevant service standards.</p> <p>Where the applicant is unsure as to whether it should apply for a particular PCF role, it should seek independent legal advice. If, having received and considered such legal advice, the applicant is still unsure, it is advised to submit an IQ via the Central Bank of Ireland Portal for the relevant PCF role.</p> <p>Applicants are responsible for ensuring that staff performing Pre-Approval Controlled Functions are pre-approved by the Central Bank and meet the Fitness and Probity Standards both on appointment to such functions and on an on-going basis. Applicants are also responsible for ensuring that staff performing Controlled Functions meet the Fitness and Probity Standards both on appointment to such functions and on an on-going basis.</p>
22.	<p>The applicant is responsible for ensuring that staff performing Pre-Approval Controlled Functions/Controlled Functions meet the Fitness and Probity Standards both on appointment to such functions and on an on-going basis. These Standards can be found here.</p> <p>Specifically, an applicant must not permit a person to perform a Pre-Approval Controlled Function or Controlled Function unless it is satisfied on reasonable grounds that the person</p>

	<p>complies with the Fitness and Probity Standards and it has obtained confirmation that the person has agreed to abide by those Standards. The Central Bank shall not grant an authorisation to an applicant to operate as a Credit Servicing Firm unless the applicant satisfies the Central Bank as to the fitness and probity of each individual holding/proposed to hold a Pre-Approval Controlled Function.</p> <p>The applicant is required to complete an online Individual Questionnaire (“IQ”) for each individual holding/proposed to hold a Pre-Approval Controlled Function. IQs must be endorsed by the proposing applicant and submitted for approval to the Central Bank via the returns service on the Central Bank of Ireland Portal. The applicant will be required to identify a System Administrator within its business who will then be provided with log-on details to receive the required access to set up relevant staff on the system in order that they are able to complete the necessary IQs.</p> <p>Whilst it is the applicant that is provided with access to the online portal in which IQs are to be completed, it is required that each proposed Pre-Approval Controlled Function role holder completes their own IQ under the access permissions granted by the applicant. Persons completing an IQ should be open and honest in answering the questions set out therein and should provide any information requested in a timely manner.</p> <p>It should also be noted that the Central Bank’s Regulatory & Business Services Division is responsible for reviewing/processing IQs that are submitted. This review takes place in tandem with the review of the application for authorisation which is undertaken by the Consumer Protection: Policy & Authorisations Division.</p>
24.	The applicant should read and familiarised itself with the European Banking Authority (EBA) Guidelines on the assessment of adequate knowledge and experience of the management of administrative organ of credit servicers, as a whole, under Directive (EU) 2021/2167
26.	<p>All persons proposing to hold PCF roles in the applicant must submit an IQ which is accessible via the Central Bank of Ireland Portal. Access to the Central Bank of Ireland Portal will be granted on receipt of an application submission, where required.</p> <p>The Regulatory & Business Services Division of the Central Bank will provide the applicant with login details to the Central Bank of Ireland Portal system to facilitate the submission of IQs. If the applicant has any queries regarding the Central Bank of Ireland Portal or the IQ, please see contact details here.</p> <p>Where the applicant already has an individual with existing Central Bank of Ireland Portal login details, the name of that individual should be provided in response to question 12 (b) of Section 2 of the Application Form. Where the applicant already has an individual with existing Central Bank of Ireland Portal login details and wishes to change the individual with login details, the applicant should contact onlinereturns@centralbank.ie.</p> <p>To ensure that applications can be decided upon in a timely manner, the applicant must ensure that any queries received regarding the information provided in IQs are responded to comprehensively and in a timely manner. Individuals required to complete IQs should ensure that the referees they have provided are prepared to provide references in a timely manner.</p>

Board of Directors and Committees

Question	Guidance
30.	The Central Bank expects the Board (or other equivalent governance forums for non-corporates) of applicants to typically meet monthly, to have a quorum of the majority of

	<p>directors (or equivalent for non-corporates), to have a clear and documented agenda for all governance meetings, which at a minimum should include key items relating to the functioning of the applicant's business covering areas such as governance, compliance (including conduct and consumer protection risk), finance and operational matters, and that the meetings will be held in the State.</p> <p>The standing board agenda should include at a minimum the following:</p> <ul style="list-style-type: none"> • Business Development; • Finance; • Compliance; • Internal Audit; and • Risk.
31.	Where the applicant has a committee/sub-committee in place, the objective of and the modus operandi of the committee must be disclosed in the Business Plan, e.g. the purpose of having the committee in place and whether decisions are to be unanimously, majority reached, etc. Disclose the composition/membership of the committee and frequency of meetings. The reporting lines of the Board committee(s) should also be outlined.
32.	A clear record of Board meetings (or other similar governance forums for non-corporates) held by the applicant should be maintained in a durable format and should clearly describe the discussions held by and the decisions made by the Board (or other equivalent governance forums for non-corporates).

Controlled Function

Question	Guidance
33.	The Fitness and Probity Standards prescribe specific functions as Controlled Functions. These include individuals who exercise a significant influence on the conduct of the affairs of the financial service provider, monitor compliance or perform functions in a customer facing role. Please click here to the Central Bank's website for further details in this regard.
34.	The applicant is required to ensure that any Controlled Function role holders (which includes Pre-Approval Controlled Functions) are aware of and are satisfied that they comply with their obligations under the Fitness and Probity Standards on an on-going basis.
35.	<p>The Minimum Competency Code 2017 (MCC) specifies certain minimum competencies that persons falling within the scope of this Code must comply with when performing certain controlled functions. The Minimum Competency Regulations 2017 (MCR), associated with the MCC, impose certain obligations on regulated firms under Section 48 of the <i>Central Bank (Supervision and Enforcements) Act 2013</i>.</p> <p>The applicant should ensure that it has assessed the requirements set out in the MCC and MCR and determined the appropriate governance arrangements and internal systems, controls and procedures to put in place to ensure that it complies with those requirements on the date of authorisation and on an on-going basis.</p> <p>By answering 'Yes' to this question, the applicant is confirming that the relevant governance arrangements and internal systems, controls and procedures are clearly documented and in place at the date of authorisation and that they will be reviewed, maintained and updated as required on an on-going basis.</p>

	<p>The applicant must maintain documentary evidence such that it is in a position to demonstrate its compliance with the relevant requirements of the MCC and MCR where requested to do so by the Central Bank.</p> <p>Please click here to the Minimum Competency Requirements section of the Central Bank’s website for further details in this regard.</p>
36.	See guidance note to question 35 above

Governance and Staffing Arrangement

Question	Guidance
37.	<p>The Staff Organisation Charts can summarise the numbers of staff within functions where these are of a significant number. However, key individuals should be identified in the chart(s). Appropriate colouring can be used to identify the locations of staff and full-time versus part-time staff.</p>
38.	<p>A calculation of full-time equivalents (FTE) requires that staff dedicated to the regulated business full-time equate to 1 FTE. Part-time staff are assessed with regard to the portion of the time they dedicate to the applicant’s regulated business from the approximate number of working days each year i.e. if a member of staff will be dedicated to the regulated business for 50% of the working days each year (estimate 220 working days each year) they should be represented as 0.5 FTE in the calculation of the applicant’s FTEs.</p> <p>The applicant should describe the governance and staff resourcing arrangements proposed to be in place at the date of authorisation and how its proposals demonstrate that these arrangements are appropriate in the context of the nature, scale and complexity of its proposed activities, that adequate and effective control of the applicant rests in the State and that the applicant is capable of being effectively supervised by the Central Bank.</p> <p>The Central Bank expects all applicants to have adequate and sufficient governance and staff resourcing arrangements in place, that appropriately reflect the nature, scale and complexity of their activities, to demonstrate that adequate and effective control of the applicant rests in the State (i.e., the substance and mind and management of the applicant is located in the State and day to day decisions in respect of the applicant’s business are made in the State) and the applicant is capable of being effectively supervised by the Central Bank.</p> <p>While the onus of meeting the statutory requirements and satisfying the Central Bank that adequate and effective control of an applicant rests in the State lies with the applicant, some guidance on what the Central Bank would expect to see is set out in question 6 of Section 2 above.</p> <p>As set out in question 6 of section 2, the Central Bank will expect decision making at Board and Committee level to take place in the State. In addition, to ensure the central management is located within the ‘head office’/‘principal place of business’, its functions must include:</p> <ul style="list-style-type: none"> ● Financial Control; ● Legal and Compliance; and ● Risk Management.

	<p>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’/‘principal place of business’.</p> <p>The Central Bank requires that applicants propose an adequate and sufficient level of governance and staff resourcing arrangements that appropriately reflect the nature, scale and complexity of their proposed activities within the first 12 months of authorisation. An applicant that satisfies the criteria to complete the application form must ensure that its proposed governance and staff resourcing arrangements appropriately reflect the scale of its business. The Central Bank expects that this would be addressed by the applicant having multiple executive directors, a balance of executive and non-executive directors, independent non-executive directors, additional senior management and PCF level resources and/or other appropriate governance structures.</p> <p>The Central Bank requires that the governance and staff resource arrangements are kept under review on an on-going basis such that the applicant is satisfied that they continue to reflect the nature, scale and complexity of the business (i.e. as the business grows it is expected that the applicant will review and enhance the governance and staff resourcing arrangements accordingly).</p> <p>The applicant should ensure that it has assessed the adequacy of its proposed governance and staff resourcing arrangements, having regard to its nature, scale and complexity, and determined the appropriate governance arrangements and internal systems, controls and procedures to put in place to ensure that it complies with its legal and regulatory obligations on the date of authorisation and on an on-going basis.</p> <p>The applicant should confirm that the relevant governance and staff resourcing arrangements and internal systems, controls and procedures are clearly documented and in place at the date of authorisation and that they will be reviewed, maintained and updated as required on an ongoing basis to reflect changes to the nature, scale and complexity of the business. The applicant must maintain documentary evidence such that it is in a position to demonstrate its compliance with the relevant requirements referred to where requested to do so by the Central Bank.</p>
40.	The applicant should describe the individuals and processes involved in making decisions related to governance and operational matters.

Outsourcing

Question	Guidance
41.	<p>The Central Bank considers outsourcing to be an arrangement of any form between an applicant and a service provider by which that service provider performs a process, a service or an activity on behalf of the applicant which could otherwise be considered would be undertaken by the applicant itself.</p> <p>Where an applicant engages in outsourcing, that outsourcing should not detract from the applicant being in a position to demonstrate that its ‘heart and mind’ is located in the applicant and that the applicant is not delegating responsibility for the operation or management of key functions to a third party.</p> <p>Where outsourcing of an important operational function is proposed, the Central Bank requires that this outsourcing does not:</p>

	<ul style="list-style-type: none"> ● result in the delegation by senior management of its responsibility in respect of that function; ● alter the relationship and obligations of the firm towards its customers; ● undermine the conditions with which the firm is to comply in order to be authorised and remain so in accordance with the Act; ● remove or modify any other condition of the firm’s authorisation; ● materially impair the quality of the firm’s internal controls; or ● materially impair the ability of the Central Bank to monitor the firm’s compliance with its obligations under the 1997 Act and/or 2023 Regulations. <p>For the purposes of the above, an operational function is important if a defect or failure in its performance would materially impair—</p> <ul style="list-style-type: none"> ● the continuing compliance of the firm concerned with the requirements of its authorisation or its other obligations under the 1997 Act and/or 2023 Regulations; ● its financial performance; or ● the soundness or continuity of its credit servicing activities. <p>Functions that are considered important operational functions include Credit Servicing Activities, Operations, I.T., Finance, Internal Audit, Risk Management and Compliance.</p> <p>Applicants should consider the Central Bank’s Cross-Industry Guidance on Outsourcing</p>
<p>42.</p>	<p>See guidance note to question 41 above</p>
<p>44 – 48.</p>	<p>Where an applicant proposes to outsource any important operational function(s), the applicant should ensure that it has assessed and is satisfied that it meets the requirements set out in questions 44 - 48 of Section 3 in respect of each important operational function it proposes to outsource.</p> <p>By answering ‘Yes’ to these questions, the applicant is confirming that the relevant governance arrangements and internal systems, controls and procedures are clearly documented and in place at the date of authorisation and that they will be reviewed, maintained and updated as required on an on-going basis. The applicant must maintain documentary evidence such that it is in a position to demonstrate its compliance with the requirements set out in questions 44 – 58 of Section 3, where requested to do so by the Central Bank.</p> <p>The Central Bank considers outsourcing to be an arrangement of any form between an applicant and a service provider by which that service provider performs a process, a service or an activity on behalf of the applicant which could otherwise be considered would be undertaken by the applicant itself.</p> <p>Where an applicant engages in outsourcing, that outsourcing should not detract from the applicant being in a position to demonstrate that its ‘mind and management’ is located in the applicant and should not result in the applicant delegating responsibility for the operation or management of key functions to a third party i.e. the applicant remains wholly responsible for any activities outsourced to a third party service provider.</p> <p><u>An operational function is an ‘important operational function’ if a defect or failure in its performance would materially impair</u></p> <ul style="list-style-type: none"> ● <u>the continuing compliance of the Credit Servicing Firm and/or Credit Servicer concerned with the requirements of its authorisation or its other obligations</u>

	<ul style="list-style-type: none"> • <u>its financial performance or</u> • <u>the soundness or continuity of its credit servicing activities.</u> <p>Examples of important operational functions include IT systems and operations (including CRM systems and websites relating to regulated activities), Internal Audit, Risk Management and Compliance.</p>
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Oversight of outsourcing

Question	Guidance
50.	It is important that the applicant maintains adequate oversight and control over outsourced activity. In addition, it must be clear to the Central Bank that such oversight is adequate and that any outsourced activity does not result in any delegation of the applicant’s responsibility for the operation or management of its key functions.

Funding Resources

Question	Guidance
53.	The applicant should set out whether its funding is provided from its own resources, or if funding is provided from third parties. Where it is from other parties, relevant details in relation to these parties should be set out, identifying the contractual arrangements in place, the key conditions relating to this credit such as the amount of credit, the repayment of credit, and any other relevant conditions relating to the funding arrangement.

Business Structure and Supervision

Question	Guidance
54.	<p>Requirement 2.3 of the Authorisation Requirements and Standards for Credit Servicing Firms provides that a Credit Servicing Firm is required to demonstrate that the organisation of its business structure is such that it is capable of being supervised by the Central Bank and that adequate and effective control of the firm rests in the State. Factors to be considered in this regard include:</p> <ul style="list-style-type: none"> • where the mind and management of the Credit Servicing Firm is located; • where key decisions regarding the direction of the credit servicing business are made; • where key functions are undertaken; • what reporting lines exist; • where key books and records are kept; and • how the Credit Servicing Firm will engage with borrowers including, in particular, the practical facilities that will be made available to borrowers in arrears to resolve their arrears. <p>Adequate arrangements in this regard are required in order to ensure the proper and orderly regulation and supervision of persons authorised to carry on the business of credit servicing.</p>

I.T. Systems and Security, Integrity and Confidentiality of Information

Question	Guidance
57.	<p>When describing the functionality of the applicant's key I.T. systems, the applicant should also provide screen shots/sample reports in its application submission in order to assist the Central Bank's understanding in this regard.</p> <p>The applicant should ensure that it has clearly documented processes and procedures to ensure that IT systems operate appropriately, are available as required and that the security, integrity and confidentiality of data is maintained.</p>
58.	The applicant should ensure that it has appropriate policies, procedures and controls related to key areas such as the IT control environment, access controls, change management, disaster recovery and physical security. The applicant should also ensure that it has appropriate governance arrangements to oversee and review the relevant IT policies and procedures.

Compliance with Statutory Codes

Question	Guidance
59.	The applicant is required to demonstrate how it has satisfied itself that its procedures, processes and systems enable it to comply with its requirements under financial services legislation and in particular the Central Bank's statutory Codes of Conduct. It should demonstrate how it is satisfied that the protections provided by the statutory Codes of Conduct continue to apply. The list provided in the Application Form is not exhaustive.

Compliance

Question	Guidance
63.	<p>The Central Bank expects all applicants to have adequate and sufficient resources (reflecting the nature, scale and complexity of their activities) with appropriate compliance expertise in place to review and assess the applicant's compliance risks and to monitor the adequacy and effectiveness of its compliance monitoring processes and its on-going compliance with its legal and regulatory obligations.</p> <p>The applicant should ensure that it clearly describes its processes and procedures in place to guide its periodic assessment of its compliance with its legal and regulatory obligations. The applicant should identify how it maintains appropriate records in respect of its compliance monitoring activities including the findings/outcomes of those activities and the steps taken to address those findings/outcomes, and the process by which any breaches of legal or regulatory requirements identified are notified to the Central Bank without delay.</p> <p>The applicant should ensure that it has assessed the adequacy of its compliance related resources and determined the appropriate governance arrangements and internal systems, controls and procedures to put in place to ensure that it complies with its legal and regulatory obligations on the date of authorisation and on an on-going basis.</p>
65.	By answering 'Yes' to these questions, the applicant is confirming that it has adequate and sufficient resources (reflecting the nature, scale and complexity of their activities), that relevant persons are independent of the operations of the applicant, and that it has the relevant governance arrangements and internal systems, controls and procedures to address its compliance risks.

Risk Management

Question	Guidance
66.	The Central Bank expects all applicants to have adequate and sufficient resources (reflecting the nature, scale and complexity of their activities) with appropriate compliance expertise in place to review and assess the applicant's financial and operational risks and to monitor the adequacy and effectiveness of its monitoring processes and its on-going risk management processes. The applicant should ensure that it clearly describes its processes and procedures in place to guide its periodic assessment of its risks.

Internal Audit

Question	Guidance
69.	<p>The applicant is required to set out the following in respect of its Internal Audit function:</p> <ul style="list-style-type: none"> • Demonstrate how the Internal Audit function is independent from the operational activities of the applicant; and • Provide an overview of the Internal Audit team and its experience. <p>The overview of the applicant's Internal Audit plan should demonstrate to the Central Bank that:</p> <ul style="list-style-type: none"> • it is being set on a risk based approach; • it should provide an overview of the plan's scope, objective and activities to be undertaken; and • it should outline the resources that are required to implement the Internal Audit plan and the reporting lines up to and including the Board of Directors of the Internal Audit function. <p>If the applicant has outsourced its Internal Audit function, it is required to provide any information requested in questions 41 – 59 of Section 3 in the Application Form in respect of the outsourced activity.</p>
70.	The applicant should identify how it maintains appropriate records in respect of its internal audit activities including the findings/outcomes of those activities and the steps taken to address those findings/outcomes, and the process by which any matters are escalated to the Board of Directors or other governance structure or where these are notified to the Central Bank.

Business Continuity and Disaster Recovery

Question	Guidance
78.	Where the applicant maintains a website it must ensure that it is continuously in control of the content of the website irrespective of any access or control granted to third party service providers.

	<p>Where the applicant is part of a Group, it should ensure that the information provided in respect of business continuity and disaster recovery are specific to the applicant and not Group entities.</p> <p>The applicant’s proposed back up disaster recovery area should not be a private residence. The Central Bank should have unrestricted access to the disaster recovery area if required.</p>
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Section 4 – Business Plan

Question	Guidance
1.	<p>A standalone Business Plan document should form part of the applicant’s submission</p> <p>The applicant’s Business Plan for the first 12 month after its expected authorisation date should be provided covering each of the 10 sections requested in Appendix 2; namely</p> <ul style="list-style-type: none"> • Background and general history: Details of the origin and activities of the applicant; • Services: The services provided and/or proposed; • Financial status: An overview (supplementary to financial projections referred to below) summarising the applicant’s financial status with regard to the development of its business, including: <ul style="list-style-type: none"> • The percentage of the applicant’s overall income each product/service represents; and • How the income is calculated/what the income is composed of (e.g. fees and charges, penalties, income from third parties etc.); • Business growth: How the applicant intends to grow its business in a manner that ensures that conduct and consumer protection issues do not arise as a result of the applicant’s strategy for growing its client base; • Resources: The resources and infrastructure (technical or otherwise) in place to support the provision of the services/products provided/proposed; • Third parties & outsourcing: Any third parties involved in the provision of the services/products provided/proposed and their roles and responsibilities; and • Agreements: Any referral agreements or other agreements, arrangements, MOUs etc. that the applicant has/proposes to have in place with other parties <p>The application should ensure that all sections are fully completed. Where any of the information provided by the applicant has not been requested this information may not be reviewed.</p>
2.	<p>The applicant is expected to, not only incorporate the responses in Section 3 within its Business plan but, adequately cross reference the relevant sections of the Business Plan in response to questions that require a document reference in the application form.</p>

Financial Information

Question	Guidance
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4.	The applicant is required to submit its latest management and audited accounts with its application submission. Management accounts submitted should provide an overview of the applicant's financial status up to 2 months of its application submission.
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Financial Projections

Question	Guidance
9.	<p>The financial projections in respect of the applicant for the first and proceeding three years thereafter must be sufficiently detailed to provide the Central Bank with an understanding of the applicant's viability on an on-going basis.</p> <p>The financial projections should align with the detailed Business Plan and client numbers provided by the applicant. Forecasted Balance Sheets and Profit & Loss documents should be presented in line with the relevant accounting standards the applicant proposes to use.</p> <p>The forecasts should include planning assumptions including explanations of the figures and the expected number and type of customers and expected volume of transactions. Notes should explain the basis for figures, and for any line items that contain sub-items, the sub items should be identified.</p> <p>Forecast information should be submitted at an individual and, where applicable, at consolidated Group and sub-consolidated levels. A Group of companies is considered to be a company and its one or more subsidiaries.</p> <p>The financial projections must be submitted in the following format:</p> <ul style="list-style-type: none"> • 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. • 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. • The Income section of the Profit and Loss Account must be broken down into regulated / non-regulated activities carried out. Each line item must account for the income projected for credit servicing activities. • 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 loan owners/transactions/transaction value with the applicant earning e.g., a certain amount per transaction or certain percentage of transaction volume. • 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. • 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. • The Balance Sheet must be in the following format: Fixed Assets + Current Assets Less Current Liabilities = Net Assets = Shareholders Funds. • 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

	<p>on audited accounts and/or latest management accounts) are accurately being carried forward into the projections.</p> <ul style="list-style-type: none"> 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.
10.	The applicant is required to demonstrate to the Central Bank how it will be in a position to manage the risk that it might not be in a position to operate within the ambit of its financial projections. For example: Is the applicant reliant on particular loan portfolio(s)? Is there a risk that the applicant’s business might not grow as quickly as projected and that profitability will be impacted? Would any event impact upon the applicant’s viability?
11.	The applicant should ensure that the information provided in relation to income is consistent with that provided in its financial projections.

Professional Indemnity Insurance (PII)

Question	Guidance
19.	<p>The Central Bank requires authorised Credit Servicing Firms to have professional indemnity insurance (PII) cover, where the amount insured shall at a minimum provide cover for €1.25 million per claim and €1.85 million in aggregate in a single policy period.</p> <p>Where the PII policy includes an excess amount specifically for the applicant’s regulated credit servicing activities payable by the Credit Servicing Firm, this excess must be as low as possible and, in any instance, must not exceed €250k. For Group policies, where it is not possible to reduce the excess for one entity, the applicant will be required to obtain its own PII policy.</p> <p>The applicant should ensure that it fully understands the requirements set out in Requirement 3 of the Authorisation Requirements and Standards for Credit Servicing Firms</p>

Section 5 – Shareholders/Members and Qualifying Shareholders

2.	<p>The applicant is required to identify all persons (whether natural or legal) with a direct qualifying holding in the applicant. The applicant must also consider whether the legal owner of the direct qualifying holding is also the beneficial owner of that holding and where they are not the same person, consideration must also be given to whether the beneficial owner(s) of that direct qualifying holding is also a qualifying shareholder in the applicant.</p> <p>Where the beneficial owner referred to above falls within the definition of a qualifying shareholder, this must be highlighted and their details provided in the table contained in this section of the Application Form together with the requisite shareholder information requested in respect of that person as set out in Appendix 1 of the Application Form.</p>
3.	<p>The applicant is required to identify all persons (whether natural or legal) with an indirect qualifying holding in the applicant. The applicant must also consider whether the legal owner of the indirect qualifying holding is also the beneficial owner of that holding and where they are not the same person, consideration must also be given to whether the beneficial owner(s) of the indirect qualifying holding is also a qualifying shareholder in the applicant.</p>

	Where the beneficial owner referred to above falls within the definition of a qualifying shareholder, this must be highlighted by providing their details in the table contained in this section of the Application Form together with the requisite shareholder information requested in respect of that person as set out in Appendix 1 of the Application Form.
7.	The applicant should ensure that all of the required qualifying shareholder information set out in Appendix 1 of the Application Form is provided in respect of both its direct and indirect qualifying shareholders.

Section 6 – Regulatory Background

The applicant should ensure that it takes reasonable steps to ensure that the responses to these questions are responded to accurately and completely.

The applicant should ensure that it carefully reads each question and that it is clear as to the basis on which it is answering 'Yes' or 'No'. The applicant should ensure that it has taken reasonable steps to determine whether to answer 'Yes' or 'No'. Where the applicant is unsure as to whether to answer 'Yes' or 'No', it should select what it considers is the correct response and outline in a cover letter accompanying the submission of the application form the rationale for its uncertainty and the rationale for the answer provided.

In any case where the answer is 'Yes', full details must be provided on a separate sheet and be referenced to the appropriate question.

Section 7 – Declaration

The Declaration is an important part of the application form. The applicant should ensure that it has fully reviewed the application form and understands the statements that it is agreeing to with regard to the information provided therein prior to signing the Declaration. The applicant should carefully read the Declaration before completing and signing the Declaration.

Text in brackets such as [Insert applicant's legal name], [I/We], [I am/We are], [myself/ourselves] must be amended to insert the relevant text, including the relevant legal name, or select from the options provided therein. For text options such as '[I/We]' and '[I am/We are]', the applicant should amend accordingly selecting 'I' and 'I am' where a sole trader or single director company applicant and 'We' and 'We are' where a partnership or company applicant with partners or multiple directors.

The Declaration must be signed by the sole trader in the case of a sole trader applicant, by two directors in the case of a company applicant (or by the sole director in the case of a single director company applicant), and by two partners in the case of a partnership applicant. Please note that only original signatures will suffice.

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Central Bank of Ireland

Eurosystem