



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

June 2016

# Guidance Note on Completing an Application for Authorisation as a Debt Management Firm

under Part V of the Central Bank Act 1997 (as  
amended)

## Table of Contents

1.	Introduction .....	3
2.	Criteria for Assessing Applicants.....	4
3.	Making an Application .....	5
4.	Guidance on Completing an Application Form for Authorisation as a Debt Management Firm .....	8
	Section 1: Structural Organisation .....	8
	Section 2: Business Plan.....	10
	Section 3: Programme of Operations.....	12
	Section 4: Directors and Managers.....	17
	Section 5: Shareholders/Members & Qualifying Shareholders .....	19
	Section 6: Other .....	19
	Section 7: Regulatory Background .....	20
	Section 8: Declaration .....	20
5.	Application Processing .....	21
6.	Post Authorisation .....	24

# 1. Introduction

**This document should be read before commencing the completion of an Application for Authorisation as a Debt Management Firm.**

This document provides guidance to applicants in relation to the requirements of the Central Bank of Ireland (the Central Bank) when completing an application form for authorisation as a debt management firm in Ireland. **It does not constitute legal advice nor does it seek to interpret relevant legislation.**

The Central Bank is the body responsible for the authorisation of debt management firms pursuant to Part V of the Central Bank Act, 1997 (as amended) (the Act). The Act provides for a regulatory regime for debt management firms in Ireland effective from 1 August 2013. Section 28 of the Act defines a 'debt management firm' and 'debt management services'. The Act deals with, inter alia, prudential authorisation and supervision requirements for debt management firms.

To obtain an authorisation as a debt management firm an application must be submitted to the Central Bank. The application must satisfy the Central Bank that the applicant complies with the appropriate regulatory requirements pursuant to the Act. The Authorisation Requirements and Standards for Debt Management Firms set out the requirements which must be satisfied in order for an authorisation to be granted.

The Central Bank welcomes applications where the proposed debt management firm can meet the legislative requirements relating to an authorisation as a debt management firm and all other applicable legislative and regulatory requirements published by the Central Bank. Applicants are advised to seek legal advice if in any doubt about the scope or application of the Act to their particular activities. If having received and considered such legal advice firms have any doubt about their status, they are advised to submit an application for authorisation. Applicants are also advised to become familiar with this document, the Act, the Application Form for Authorisation as a Debt Management Firm and the Authorisation Requirements and Standards for Debt Management Firms prior to submitting an application.

Information and relevant application documentation with respect to debt management firms is available [here](#).

## 2. Criteria for Assessing Applicants

The Authorisation Requirements and Standards for Debt Management Firms sets out the requirements that must be satisfied in order for an authorisation as a debt management firm to be granted. The information that must accompany an application is included in the Central Bank's Application Form for Authorisation as a Debt Management Firm. Applicants seeking authorisation as a debt management firm must therefore have regard to these provisions. This guidance note should be read in conjunction with:

- the relevant legislation including the Act;
- the Authorisation Requirements and Standards for Debt Management Firms;
- the Fitness and Probity Standards (issued under Section 50 of the Central Bank Reform Act 2010);
- the Minimum Competency Code 2011 (MCC);
- the Consumer Protection Code 2012; and
- the application form entitled '*Application Form for Authorisation as a Debt Management Firm under Part V of the Central Bank Act 1997 (as amended)*' (Application Form).

The principal areas assessed by the Central Bank in considering an application for authorisation as a debt management firm include:

- Organisation and governance of the applicant;
- Business Plan;
- Programme of Operations;
- Financial Information and Solvency;
- Professional Indemnity Insurance;
- Compliance Procedures;
- Outsourcing arrangements and oversight (where applicable);
- Fitness and probity of directors and managers;
- Shareholders/Members (including Qualifying Shareholders); and
- Regulatory Background (where applicable).

The requirements in relation to each of these headings are detailed in the aforementioned Application Form. An authorisation as a debt management firm will only be granted to a person established in the State.

## 3. Making an Application

In advance of submitting an application for authorisation, a firm should satisfy itself that:

- its proposed business model requires authorisation pursuant to Part V of the [Central Bank Act 1997](#) which was amended by [the Central Bank \(Supervision and Enforcement\) Act 2013](#) in order to impose a regulatory regime for debt management firms ;
- it is capable of complying with and adhering to the [Authorisation Requirements and Standards For Debt Management Firms](#) and supervisory requirements that must be satisfied on an on-going basis; and
- **It has read the Guidance Note on Completion of an Application for Authorisation as a Debt Management Firm (this document) and has taken the information provided therein into consideration when completing the Application for Authorisation as a Debt Management Firm Form.**

Firms are advised to seek legal advice if they are unsure as to whether their proposed activities require authorisation pursuant to the Act or with regard to how they should comply with the authorisation requirements set out in the Act. If having received and considered such legal advice firms have any doubt about their status, they are advised to submit an application for authorisation.

### **The Documentation Required to Make an Application for Authorisation**

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

1. An [Application for Authorisation as a Debt Management Firm Form](#) (including the specific information/documentation requirements set out therein);
2. A Business Plan including all relevant financial information;
3. A Programme of Operations;
4. Documentation relevant to the applicant's legal structure as applicable e.g. Certificate of Incorporation, Memorandum & Articles of Association, Simplified Constitution Document (for incorporated applicants), partnership agreement (for partnership applicants) etc.
5. Qualifying shareholding information;
6. Current revenue tax clearance certificate; and
7. Documentation evidencing compliance with the MCC 2012 (where applicable).

Where the applicant proposes to establish other places of business as at the date of authorisation, it must also submit the following document which should be **fully completed**; An [Application Form for the Notification of Other Places of Business](#).

Once an application is submitted, the applicant will also need to ensure that all relevant individuals proposed to hold a Pre-Approval Controlled Function (PCF) role (typically board members, senior management, key function holders) and any qualifying shareholders, complete **Fitness and Probity Individual Questionnaires** – more information [here](#). Individual Questionnaires must be submitted electronically via the Central Bank's Online Reporting System (ONR) by all proposed PCF holders, but qualifying shareholders (that are not proposed PCF role holders) are required to submit a [paper version](#). 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 electronic version should be sent to [DMFauthorisations@centralbank.ie](mailto:DMFauthorisations@centralbank.ie) and the paper copy to:

*DMF Authorisations Team, Consumer Protection: Policy & Authorisations, Central Bank of Ireland, PO Box 9138, 6/8 College Green, Dublin 2.*

The Application Form and accompanying material referred to above does not refer comprehensively to all pertinent information regarding an application for authorisation as a Debt Management Firm. The applicant should expand on the required information, where necessary, according to the specific nature of the proposed business.

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

- documents such as the Application Form, Business Plan or Programme of Operations have not been provided;
- information/documents requested in the Application Form have not been provided, such as;
  - Qualifying shareholder documentation;
  - Organisational chart;
  - Financial projections;
  - Letter of Solvency;
  - Documentation relevant to the applicant's legal structure as applicable e.g. Certificate of Incorporation, M&A, Simplified Constitution Document (for incorporated applicants), partnership agreement (for partnership applicants)
  - Tax Clearance Certificate;
  - Audited accounts / Management accounts (where relevant).
- responses to questions in the Application Form are substantially deficient, such as;
  - details of organisational structure, governance and key staff and directors;
  - descriptions of the applicant's services and products;
  - notes explaining the content of financial projections;
  - details of applicant's proposed activities and compliance activities;
  - details relating to outsourcing (where relevant); or

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 during the course of the application process. Where such significant changes are made, a new application submission may be required.

The Central Bank authorises Debt Management Firms on the basis of the information provided in the applicant's application for authorisation. **All applicants granted an authorisation as a Debt Management Firm 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 under Section 36A(1) (c) of the Act, the Central Bank may revoke an authorisation as a Debt Management Firm, on being satisfied on reasonable grounds that the authorisation was obtained by means of a false or misleading representation.**

## 4. Guidance on Completing an Application Form for Authorisation as a Debt Management Firm

This section provides assistance for applicants when answering some of the questions set out in the Application Form. Please note that the numbering sequence follows that of the Application Form.

Applicants should ensure that **ALL** questions set out in the Application Form are answered succinctly and fully. Where there is a consistent lack of detail or where excessive detail is provided, submissions will be returned without review. Answers to questions set out in the Application Form should be presented in a logical manner.

### Section 1: Structural Organisation

Application Form Reference	Guidance for each Relevant Section
1.1	This name must be the applicant’s legal name at the time of the submission of the application. For incorporated applicants the name must correspond to the name on the applicant’s constitutional documentation and the name registered with the Companies Registration Office. For partnership applications it must correspond to the names in the partnership agreement and for sole traders it must correspond to the individual’s name.
1.2	No additional notes.
1.3	The registered trading name that the applicant will use for the branding of its services, promotions, advertising etc.
1.4	This address must mirror the registered address of the applicant lodged with the Companies Registration Office.
1.5	<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 (not abroad) lies with the applicant, some guidance on what the Central Bank would expect to see is set out below.</p> <p>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"> <li>• Financial Control;</li> <li>• Legal and Compliance; and</li> <li>• Risk management.</li> </ul> <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>
<b>1.6</b>	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.
<b>1.7</b>	See 1.5 above.
<b>1.8.1</b>	No additional notes.
<b>1.8.2</b>	<p>A certified document is one that is stamped, signed and dated as being a true copy of the original by a party independent of the applicant. An independent party should be a Solicitor, Accountant, Peace Commissioner, Notary or Commissioner for Oaths.</p> <ul style="list-style-type: none"> <li>• The certification stamp must be clearly identifiable on the relevant document; and</li> <li>• The date of certification should be as close to the date of submission of the Application Form as possible. If the documents are amended at any stage during the application process an up to date certification of the documents must be submitted to the Central Bank along with certified copies of any special resolutions amending the documents.</li> </ul>
<b>1.8.3</b>	No additional notes.
<b>1.8.4</b>	<p>Persons that could exercise significant influence over an applicant could include (but not be limited to):</p> <ol style="list-style-type: none"> <li>1. Qualifying shareholders;</li> <li>2. Directors; or</li> <li>3. Senior Management.</li> </ol> <p>Those in a position to exercise a significant influence over the management of the applicant may be acting in concert with other parties in respect of the management of the applicant. Where this arises, details (i.e. identity of those parties and a description of how acting in concert arises) must be disclosed in the application submission.</p>
<b>1.9.1</b>	No additional notes.
<b>1.9.2</b>	See 1.8.2 above.
<b>1.9.3</b>	The names of all partners should be listed and the status of each partner should be listed also.
<b>1.9.4</b>	All shareholdings held by the partnership that equal or exceed 10% of the incorporated entity must be listed and all requested details provided.
<b>1.9.5</b>	See 1.8.4 above.
<b>1.10.1</b>	See 1.8.2 above
<b>1.10.2</b>	See 1.8.4 above

## Section 2: Business Plan

<b>2.0</b>	A standalone business plan should form part of the application submission. The applicant should ensure that it addresses, at a minimum, the information requested in Appendix 3 to the Application Form, whilst also ensuring that all areas in Section 2 of the Application Form are adequately addressed.
<b>2.1.1</b>	No additional notes.
<b>2.1.2</b>	All sole trader and partnership applicants must sign and date the Certificate of Solvency attached at Appendix 2 of the Application Form and submit accordingly. In respect of a partnership application, ensure that all partners sign an individual certificate.
<b>2.1.3</b>	For incorporated applicants the letter of confirmation of solvency must be provided by either their accountant or auditor and signed and dated accordingly.  This confirmation should state, at authorisation date: <ul style="list-style-type: none"> <li>i. the net asset amount;</li> <li>ii. that goodwill and other intangible assets have been excluded from the calculation; and</li> <li>iii. that the applicant can meet its debts as they fall due.</li> </ul>
<b>2.1.4/2.1.5</b>	No additional notes.
<b>2.2.1</b>	Applicants should note that the business service to be covered under the PII insurance policy is ' <i>debt management services</i> '. If the PII schedule in question does not include this service then applicants will be requested to amend the schedule accordingly.
<b>2.2.2</b>	Applicants should note <b>ALL</b> business services to be covered under the PII insurance policy. If the PII schedule and business plan does not include <b>ALL</b> of the above information, then applicants will be requested to amend the schedule accordingly.
<b>2.2.3</b>	Applicants must demonstrate, as part of their application submission, what financial resources they have in place to cover the excess on their PII policy, particularly in relation to multiple claims.
<b>2.2.4/2.2.5</b>	No additional notes.
<b>2.2.6</b>	Applicants should note that a copy of the PII schedule and evidence of payment of the insurance premium are not required when submitting an application but will be requested at the latter stage of the application process i.e. immediately prior to authorisation.
<b>2.3</b>	For sole trader applicants details must be provided as to how personal financial records and accounts will be separated from regulated and other business activities.
<b>2.4.1</b>	The financial projections in respect of the applicant from projected authorisation date for the first 12 months post authorisation must be sufficiently detailed to demonstrate that the applicant will remain solvent during that period. The financial projections must be submitted in the following format:

	<p>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 solvency requirement as at authorisation date. This balance sheet should also identify the applicant's set up costs and how they have been funded;</p> <p>b) The projected period must commence at Day 1 of the proposed authorisation period and be titled Year 1;</p> <p>c) The Profit and Loss Account must include at a minimum, the following items; Revenue, Cost of Sales, Operating Expenses, Operating Profit and Net Profit;</p> <p>d) The Profit and Loss Account must be broken down into 12 monthly periods (as well as a total annual figure);</p> <p>e) The Income section of the Profit and Loss Account must be broken down into separate line items that distinguish between each of the debt management services (if more than one product/service) carried out and other regulated/non-regulated activities carried out (if applicable). Each line item must account for the income projected for each activity as highlighted in Section 2.4 of the Application Form;</p> <p>f) The applicant must provide workings/detailed calculations for each of the 12 months 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/products with the applicant earning a certain amount of fee income per client or commission per product;</p> <p>g) The Expenses section of the Profit and Loss Account must break down each individual expense item to the extent that it distinguishes between the different categories of expenses. For example, categories of expense will include salaries, rent, utilities, subscriptions, levies etc. and therefore need not be broken down any further.</p> <p>h) The Net 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;</p> <p>i) The Balance Sheet must be in the following format: Fixed Assets + Current Assets Less Current Liabilities = Net Assets = Shareholders Funds.</p> <p>j) The applicant should ensure that the 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; and</p> <p>k) 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 month (for each of the 12 months) an explanation must be provided in the note to explain the rationale behind the movement.</p>
<p><b>2.4.2</b></p>	<p>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 their financial projections. For example: Is the applicant reliant on particular client(s)? Is there a risk that the applicant's business might not grow as quickly as projected and that profitability will be</p>

	impacted? Would any event impact upon the applicant’s viability or its ability to meet its solvency requirement (either long or short term)?
<b>2.5.1</b>	No additional notes.
<b>2.5.2</b>	The review referred to under 2.5.2 (c) relates to any review carried out by either the applicant or any third party.
<b>2.5.3</b>	No additional notes.
<b>2.6.1</b>	No additional notes.
<b>2.6.2</b>	The applicant should ensure that the information provided in relation to income is consistent with that provided in its financial projections.
<b>2.7</b>	No additional notes.
<b>2.8</b>	The applicant must provide details on the key characteristics relating to its debts management services so that the Central Bank understands the nature of its debt management services e.g. information must be provided on the types of debt the applicant will specialise in, profile and location of client base, whether it will provide a negotiation service (if requested) and if so, the type of creditors it will deal with, how clients will be sourced etc.
<b>2.9</b>	No additional notes

## Section 3: Programme of Operations

<b>3.0</b>	A standalone Programme of Operations document should form part of the applicant’s application submission. The applicant should ensure that it addresses, at a minimum, the information requested in Appendix 3 to the Application Form, whilst also ensuring that all areas in Section 3 of the Application Form are adequately addressed.
<b>3.1</b>	<p>The applicant should indicate the debt management services it proposes to provide within 18 months post authorisation.</p> <p>The applicant should provide the Central Bank with sufficiently clear information to enable it to understand the rationale for why authorisation as a Debt Management Firm has been sought. In this regard, the applicant is required to submit clear transaction flow diagrams which will enable the Central Bank to gain a complete understanding of each stage of the debt management service that the applicant proposes to provide. The transaction flow diagram(s) should include the following information:</p> <ol style="list-style-type: none"> <li>i. A description of the end-to-end process involved in the provision of the debt management services offered;</li> <li>ii. Details on the type of information that the applicant intends to gather from its clients;</li> <li>iii. Details on the proposed policy for communication with clients;</li> <li>iv. Details on the range of solutions/options that the applicant proposes to suggest to its clients;</li> <li>v. Details on the criteria the applicant proposes to use in order to determine the most suitable solution/option to be offered to its clients;</li> <li>vi. Details on the applicant’s fee structure that will apply to clients; and</li> </ol>

	<p>vii. Details on any agreements or arrangements that the applicant will have in place with regards to the provision of its debt management services.</p> <p>Applicants must clearly describe any arrangements, agreements etc. that will be in place with any third party regarding the provision of its debt management service e.g. third party referrals of debt management clients to the firm. Applicants must provide copies of any such agreements, if requested, as part of its application.</p> <p>Applicants will also be requested to explain how they are satisfied that any such third party arrangement is in the best interests of a consumer, particularly vulnerable consumers (where applicable).</p> <p>Ultimately this section must describe ‘how’ the applicant carries out its debt management services by listing each stage in the delivery of the service.</p>
<b>3.2.1</b>	<p>If the applicant proposes to provide services other than debt management services it must provide the following information:</p> <ul style="list-style-type: none"> <li>i. A description of the services to be provided, the client base in question and how these services will be carried out;</li> <li>ii. An explanation as to whether the provision of these services will impact on the provision of the debt management services and if so, how ; and</li> <li>iii. Whether the applicant will be holding client funds as part of its non-debt management activities.</li> </ul>
<b>3.2.2/3.2.3</b>	No additional notes.
<b>3.3</b>	No additional notes.
<b>3.4</b>	<p>If the applicant proposes to establish other places of business either at authorisation date or shortly thereafter it must confirm the number of places to be established and complete and submit the ‘<i>Notification of Other Place of Business Form for Debt Management firms</i>’ for each place of business.</p>
<b>3.5.1</b>	No additional notes.
<b>3.5.2</b>	<p>The applicant must provide a chart outlining its full ownership structure (i.e. include all direct and indirect qualifying shareholders) as applicable.</p> <p>Where the applicant is part of a group, the chart must include all entities (including their branches) in the group and the nationality/country of incorporation of the natural person/legal person as the case may be.</p> <p>In the case of a legal entity, the country where the entity’s head office/principal place of business is located and the main activities of each entity in the group should also be provided.</p> <p>The chart must disclose the percentage ownership held by the respective party in each group entity with all qualifying shareholders identified.</p> <p>The chart should disclose whether each natural/legal person is regulated/non-regulated.</p>

	Where a natural/legal person falls to be regulated the applicant should also disclose the identity of the relevant regulatory body.
<b>3.5.3</b>	<p>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—</p> <ol style="list-style-type: none"> <li>a) they are linked by— <ol style="list-style-type: none"> <li>i. participation in ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking, or</li> <li>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</li> </ol> </li> <li>b) they are permanently linked to the same third person by a control relationship.</li> </ol> <p>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 Debt Management Firm would include anything that might:</p> <ul style="list-style-type: none"> <li>• affect a Debt Management Firm’s ability to provide adequate information to the Central Bank at any time;</li> <li>• hinder the flow of information from a Debt Management Firm or a Debt Management Firm’s close link to the Central Bank at any time; and/or</li> <li>• prevent the Central Bank from being able to assess the overall financial position of a Debt Management Firm or its close link at any time.</li> </ul>
<b>3.6.1</b>	The applicant’s organisation chart should capture all staff (to be) employed at commencement of authorisation.
<b>3.6.2</b>	<p>The information provided in relation to proposed staffing levels should be consistent with the detailed organisation chart provided.</p> <p>The applicant should highlight where it is proposed that an individual will be responsible for more than one function within the applicant (e.g. carries out both the Risk and Compliance functions).</p> <p>Job descriptions should clearly outline the day-to-day role and responsibilities of each of the applicant’s employees. Where it is proposed that an individual will be responsible for more than one function, the applicant is required to demonstrate how:</p> <ol style="list-style-type: none"> <li>a) The individual will have sufficient time and resources to fulfil the roles; and</li> <li>b) There are no segregation of duties issues between those roles.</li> </ol> <p>Where an applicant has multiple employees in a team/function performing similar roles, a description as to the responsibilities of the function will suffice.</p>
<b>3.6.3</b> – <b>3.6.4</b>	No additional notes.
<b>3.6.5</b>	Any activities completed by staff which are not directly related to the applicant’s business would include any responsibilities they are proposed to have at a group level.

<p><b>3.6.6</b></p>	<p>The Programme of Operations relating to governance should include, at a minimum, a description of how the governance of the applicant will operate. Sole trader and single director companies must provide details on governance tasks within the applicant e.g. how key decisions regarding the applicant are made, how activities are overseen and how responsibilities will be allocated etc.</p> <p>The agenda for governance tasks should include at a minimum the following:</p> <ol style="list-style-type: none"> <li>1. Business Development</li> <li>2. Finance;</li> <li>3. Compliance;</li> <li>4. Internal Audit (where applicable); and</li> <li>5. Risk</li> </ol> <p>Sole trader and single director companies must provide details on governance tasks within the applicant e.g. who will make key decisions regarding the applicant and how responsibilities will be allocated etc.</p>
<p><b>3.7</b></p>	<p>With regard to their service/product oversight and governance measures, applicants should also clarify how they ensure that their services/products are provided in such a way as to ensure positive outcomes for consumers and consumers are treated fairly and that there is adequate transparency regarding the key characteristics and risks of the services/products provided. Applicants should identify how consumers’ best interests are addressed in the culture of the firm, its business model, decision making processes and its employees’ behaviours.</p>
<p><b>3.8/3.9</b></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 it 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. Please see section 1.5 above regarding ‘Head Office Requirement’ in this regard.</p> <p>Where outsourcing of an important operational function is proposed, the Central Bank requires that this outsourcing does not:</p> <ol style="list-style-type: none"> <li>1. result in the delegation by senior management of its responsibility in respect of that function;</li> <li>2. alter the relationship and obligations of the Debt Management Firm towards its clients under the Act;</li> <li>3. undermine the conditions with which, the Debt Management Firm is to comply in order to be authorised and remain so, in accordance with the Act;</li> <li>4. remove or modify any other condition of the Debt Management Firm’s authorisation;</li> <li>5. materially impair the quality of the Debt Management Firm’s internal controls; or</li> <li>6. materially impair the ability of the Central Bank to monitor the Debt Management Firm’s compliance with its obligations under the Act.</li> </ol>

	<p>For the purposes of the above an operational function is important if a defect or failure in its performance would materially impair—</p> <ol style="list-style-type: none"> <li>a) the continuing compliance of the Debt Management Firm concerned with the requirements of its authorisation or its other obligations under the Act;</li> <li>b) its financial performance; or</li> <li>c) the soundness or continuity of its debt management services.</li> </ol> <p>Functions that are considered important operational functions include: Debt Management Services (or related services thereof), I.T., Finance, Internal Audit, Risk Management and Compliance etc.</p> <p>While the Central Bank does not generally require the applicant to submit copies of Service Level Agreements with (proposed) outsourced service providers as part of the application submission, this documentation must be made available to the Central Bank upon request, either during the application process or if and when the applicant is authorised.</p>
<p><b>3.10</b></p>	<p>The applicant should provide clarity as to the IT systems it will utilise to assist it in providing its debt management services and the procedure that will be in place for amending its website, including where a third party is to be appointed for making any amendments to the website.</p> <p>As part of its application the applicant must confirm that it has policies and procedures to safeguard the security and confidentiality of information/data including business continuity planning. These procedures should describe <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• the allocation of responsibilities for the maintenance and oversight of IT systems;</li> <li>• that the applicant’s IT systems permit the generation of reports on clients and the services provided to them;</li> <li>• the disruption scenarios that may affect the applicant such as loss of access to premises, failure of IT systems etc.;</li> <li>• the frequency of testing to ensure the policies and procedures are up to date and effective in addressing continuity issues; and</li> <li>• the business continuity plan should identify how these plans are initiated, what staff/management are involved and the remedial actions required to recover key business processes (where the applicant is part of a group, plans should be specific to the applicant).</li> </ul>
<p><b>3.11.1</b></p>	<p>The Compliance Template can be expanded upon and amended to reflect differing perspectives or levels of details with regard to the activities completed, however the scope provided should be considered for relevance. The Compliance Template can also be copied out into a separate document if the applicant requires additional space. A reference should be included on the application form page of the Compliance Template.</p>
<p><b>3.11.2(a)</b></p>	<p>The applicant should ensure that it is clear from the compliance activities it describes that the full scope of its regulatory obligations are being assessed for compliance on an appropriate frequency.</p>

	Compliance activities should not be mistaken for operational activities. Although an operational activity is completed to be compliant with its obligations, applicants should also clearly set out how they periodically assess that those operational activities have been completed correctly.
<b>3.11.6</b>	The applicant should set out the proposed nature and frequency of training expected. If this is to differ by staff member role please specify.
<b>3.11.9</b>	Please clearly set out what checks, documents or information will be utilised by the applicant to ensure staff are fit and proper. If this is to differ by staff member role please specify.
<b>3.11.10</b>	The activities completed and the frequency of completion should be clearly outlined to describe how the applicant will assess the staffing of the entity is sufficient.
<b>3.11</b>	<p>The applicant should have appropriate resources in place to implement and manage a compliance programme to ensure it is compliant with all relevant legislative and regulatory obligations.</p> <p>The applicant must demonstrate that it is aware of the compliance universe that applies to its business. The applicant should demonstrate that it is aware of and understands all applicable legislative and regulatory requirements that it is subject to and with which it must comply.</p> <p>While the Central Bank does not require the applicant to submit its actual Compliance Manual or related policies and procedures documents as part of the application submission, this documentation must be made available to the Central Bank upon request if and when the applicant is authorised.</p>
<b>3.12</b>	<p>The Central Bank requires authorised Debt Management Firms to actively manage/monitor the risks to which they are exposed. This is typically done by way of a risk management process and periodic consideration of a risk register.</p> <p>While the Central Bank does not require the applicant to submit its actual Risk Management Manual or related policies and procedures documents as part of the application submission, this documentation must be made available to the Central Bank upon request if and when the applicant is authorised.</p>
<b>3.13</b>	No additional notes
<b>3.14</b>	No additional notes.

## Section 4: Directors and Managers

<b>4.1</b>	<p><b>Fitness &amp; Probity Requirements/Individual Questionnaires</b></p> <p>Applicants are responsible for ensuring that staff performing pre-approval controlled functions/controlled functions meet the Fitness and Probity Standards (the Standards) both on appointment to such functions and on an on-going basis. These Standards can be found at the following <a href="#">link</a>.</p> <p>Specifically, a Debt Management Firm must not permit a person to perform a pre-approval controlled function or controlled function unless it is satisfied on</p>
------------	---

reasonable grounds that the person complies with the Standards and has obtained confirmation that the person has agreed to abide by the Standards. Applicants must also ensure that the Central Bank has approved each respective individual to their proposed pre-approval controlled role prior to them undertaking that position. The Central Bank will not grant an authorisation to an applicant to operate as a Debt Management Firm unless the applicant satisfies the Central Bank as to the fitness and probity of each person proposed to hold a pre-approval controlled function (i.e. directors, relevant senior management etc.) in the applicant.

Applicants are required to complete an online Individual Questionnaire (IQ) for each relevant individual who proposes to perform a pre-approval controlled function. The list of pre-approval controlled functions is attached [here](#). IQs must be endorsed by the applicant and submitted for approval to the Central Bank. The applicant will be required to identify a System Administrator within the applicant who shall then be provided with, logon details to the Central Bank's Online Reporting System (ONR) and the required access to set up relevant staff on the system, to complete the necessary IQs.

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 holder will complete their own IQ under the access permissions granted by the applicant. Persons completing an IQ should be open and honest and provide all the information requested in the IQ. Such persons should also provide any information subsequently requested by the Central Bank in respect of their IQ in a timely manner.

The Central Bank will provide the applicant with logon details to the ONR to facilitate the submission of IQs when it has completed a key information check of the application submission and determined that all the required information has been submitted by the applicant.

It should also be noted that the Central Bank's Regulatory Transactions Division (RTD) 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 Directorate.

Applicants should be aware that the Central Bank might request an interview with a proposed PCF holder to discuss the applicant's proposed services further and to ascertain whether he/she fully understands the applicant's regulatory obligations.

Question 1.10 of the IQ is as follows; *'Are you applying for a position in a new entity which is currently seeking approval/authorisation from the Central Bank of Ireland, or an entity which is seeking a renewal of an existing approval/authorisation?'*

All debt management applicants will be seeking authorisation from the Central Bank of Ireland to carry out debt management services. Consequently, persons proposing to carry out a pre-approval controlled function in an applicant seeking authorisation to become a debt management firm, must answer **'Yes'** to this

	<p>question.</p> <p>When a debt management firm becomes authorised and regulated by the Central Bank and proposes to appoint an individual to a PCF role, the answer to question 1.10 (above) will be <b>'No'</b>, since the firm proposing the appointment is not seeking a new authorisation from the Central Bank.</p>
<b>4.2</b>	<p>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 or majority reached etc. Disclose also the composition/membership of the committee and frequency of meetings thereof. The reporting line that the committees are subject to should also be outlined.</p>

## Section 5: Shareholders/Members & Qualifying Shareholders

<b>5.</b>	<p>Applicants must 'look through' the proposed direct shareholder in the applicant and each subsequent indirect shareholder to identify both the intermediate and ultimate legal and beneficial shareholders including those who are in a position to control or influence the applicant.</p> <p><b>All of the information as set out in Appendix 1 of the Application Form is required to be submitted to the Central Bank in respect of each of the applicant's direct and indirect shareholders.</b></p> <p>Proposed complex structures will only be approved where the Central Bank is satisfied that the ultimate registered/beneficial shareholders have been identified and that the structure does not prevent the effective supervision of the applicant.</p>
-----------	--

## Section 6: Other

<b>6.1/6.2</b>	No additional notes.
<b>6.3</b>	Applicants must ensure to submit a copy of their current Revenue Tax Clearance Certificate (which must be in the name of the applicant).
<b>6.4</b>	<p>Applicants must also ensure that, where applicable, documentary evidence of how a proposed non-PCF holder meets the MCC is provided with the application as follows:</p> <ul style="list-style-type: none"> <li>• <i>Qualified individual</i> – Copy of APA/APP debt management qualification;</li> <li>• <i>Transitional individual</i> <ul style="list-style-type: none"> <li>○ Letter of confirmation from educational body that individual has enrolled in a relevant course and;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>○ documentary evidence that individual was providing debt management services prior to 01 August 2013 e.g. written confirmation from relevant employer; and</li><li>● <i>New Entrant</i><ul style="list-style-type: none"><li>○ Letter of confirmation from educational body that individual has enrolled in relevant course; and</li><li>○ Written confirmation from applicant that an appropriate employee (qualified/transitional person) is supervising the new entrant's debt management work.</li></ul></li></ul>
--	---

## Section 7: Regulatory Background

7.	The applicant must state, to the best of its knowledge, whether it has ever been subject to those actions/circumstances listed under this section. In any case where the answer is 'yes', full details must be given on a separate sheet with reference to the appropriate question and this sheet must be submitted with the application.
----	--

## Section 8: Declaration

8.	All applicants are required to complete the declaration. For incorporated applicants at least one director must sign the declaration to the Application Form. In the case of a partnership application a minimum of two partners must sign this declaration, whilst in the case of a sole trader application, a single signature is required. Please note that only original signatures will suffice.
----	---

## 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: *DMF Authorisations Team, Consumer Protection: Policy & Authorisations, Central Bank of Ireland, PO Box 9138, 6/8 College Green, Dublin 2.*

The electronic version can be included along with the paper copy or be sent to: [DMF authorisations@centralbank.ie](mailto:DMF.authorisations@centralbank.ie).

The key stages of the application process are as follows:

### **Stage 1 - Acknowledgement**

The Central Bank will acknowledge receipt of an Application for Authorisation as a Debt Management Firm submitted by the applicant within **3 working days** of receipt.

### **Stage 2 - Key Information Check**

The Central Bank will then carry out a review to ensure that the application material submitted contains all the key information and documentation required. Within **10 working days** of receipt of the application, the Central Bank will either:

- I. Advise the applicant that the application contains sufficient material to proceed to the submission of IQs and the Garda Vetting Form; or
- II. Advise the applicant that the application does not contain sufficient material to proceed to the submission of IQs and the Garda Vetting Form and so is not being progressed to that phase. A statement of the omitted information is also provided to assist the applicant should it wish to submit another application in the future. Any subsequent application will be considered a new application and the authorisation process commences again.

### **Stage 3 – Submission of IQs and Garda Vetting Form**

Where sufficient information has been received, as outlined in Stage 2(I) above, the application will proceed to the submission of IQs and the Garda Vetting Form (it should be noted that a Garda Vetting Form is required where the applicant is a Sole Trader or a company with a single director). Log-on details to the ONR will be issued to the applicant and the applicant will be required to complete and submit all required IQs and the Garda Vetting Form.

Applicants will be advised that the application will progress to the assessment phase once all required IQs and the Garda Vetting Form have been submitted and are deemed to contain all the key information and documentation required.

The applicant will then have 20 working days to submit all IQs and the Garda Vetting Form. If all required IQs and the Garda Vetting Form are not submitted within 20 working days the application will be deemed dormant and withdrawn and will be returned to the applicant. Any subsequent application will be considered a new application and the application process commences again at Stage 1.

#### **Stage 4 – Assessment Phase**

Where an application submission, all relevant IQs and the Garda Vetting Form have been received and have been deemed to contain all the key information and documentation required, as outlined in Stages 2(l) and 3 above, the Central Bank will then proceed to the assessment phase of the application process. In the assessment phase, the application material submitted will be reviewed against the relevant AR&S to determine whether sufficient information has been provided to enable the Central Bank to issue a 'Notification of Assessment' letter as referred to in Stage 5 below. The Central Bank will issue initial comments to the applicant based on its review of the application material submitted and any subsequent comments based on its review of responses submitted by the applicant. The Central Bank has published service standards (see below) in respect of the processing of applications for authorisation and in the context of meeting those standards the service standard timeframe to which the Central Bank has committed for the assessment phase of the application process is **90 working days**. However, it should be noted that in the event of further and/or subsequent information being sought from the applicant as part of the assessment phase, this 90 working day 'clock' is paused until such information is received by the Central Bank from the applicant i.e. the 'clock' stops when correspondence has been issued to the applicant to reply to.

After **20 working days**, if the applicant fails to respond to a request from the Central Bank for further and/or subsequent information or where the applicant's response to the Central Bank's request for further and/or subsequent information is incomplete or inadequate such that the application cannot be progressed; the application will not be considered further by the Central Bank and will be deemed dormant and withdrawn. The applicant will be informed that it may re-submit an application if it wishes (including a full response to the request for further and/or subsequent information) and any such re-submission will be considered a new application and the application process commences again at Stage 1.).

#### **Stage 5 – Notification of Assessment**

The Central Bank will notify the applicant of the outcome of the Assessment Phase of the application process as follows:

- a) Where the assessment is favourable, the Central Bank will notify the applicant by letter that it proposes to authorise the applicant on the basis of the information provided in its application submission, provided any specified final steps are taken and/or specified final items of information and evidence are received. This letter will also specify any specific conditions the Central Bank proposes to impose on the

authorisation itself once granted. This letter will explain the reasons for these proposed conditions and the applicant will be afforded the opportunity to make representations in respect of the proposed conditions before the Central Bank makes any decision on the application; or

- b) In the event that the Central Bank is not satisfied on foot of the Assessment Phase such that it can issue a Notification of Assessment letter under (a) above, the Central Bank will advise the applicant of this by letter. The letter will set out the areas to be addressed and afford the applicant the opportunity to do so and to make any submissions it wishes to the Central Bank.

### **Stage 6 - Notification of Decision in respect of the Application**

Once the Central Bank has assessed any further information/evidence/representations submitted by the applicant following on from Stage 5 above, the Central Bank will notify the applicant, via letter, of its decision on the application as follows:

- a) Authorisation - The Central Bank has decided to grant an authorisation.
- b) Authorisation with Specific Conditions - The Central Bank has decided to grant an authorisation with specific conditions attached to the authorisation. The specific conditions to be attached to the authorisation will be outlined in the letter.
- c) Proposed Refusal of Authorisation - The Central Bank is minded to refuse the application for authorisation. In accordance with the applicable legislation, the Central Bank will notify the applicant of the grounds for the proposed refusal of the authorisation. The applicant will then have an opportunity to make submissions in response to the proposed refusal. The submissions will then be considered by the Central Bank following which a decision will be taken by the Central Bank to grant or refuse the authorisation applied for, as appropriate. Details of the Central Bank's process for the refusal of an application are available [here](#).

If the firm has any queries in respect of the application process it can contact the Central Bank at [DMFAuthorisations@centralbank.ie](mailto:DMFAuthorisations@centralbank.ie) or use the contact form available [here](#).

## 6. Post Authorisation

The Central Bank requires that a proven track record in accordance with the original application (including the Business Plan and Programme of Operations) is displayed before a newly authorised debt management firm can amend/expand its business lines. Therefore applicants should ensure that the Business Plan and Programme of Operations are as complete as possible to cover activities that are proposed to be undertaken in the first twelve months post authorisation.

Debt management firms should monitor and on a regular basis, evaluate the adequacy and effectiveness of the policies and procedures, systems, internal control mechanisms and arrangements in place (ensuring that they are kept up to date) and take appropriate measures to address any deficiencies.

Procedures and policies should be kept up to date and be made available to the Central Bank, for review, upon request.

**Consumer Protection: Policy & Authorisations**  
**Central Bank of Ireland**  
**June 2016**



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem