



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Authorisation Guidance Note on Completing an Application Form for Authorisation as a MiFID Investment Firm

Under European Union (Markets in Financial Instruments)
Regulations 2017 (S.I. 375 of 2017)

May 2024

Table of Contents

Terms used in this Guidance Note	3
1. Introduction.....	6
2. Application Process	8
3. Obligations of an Investment Firm.....	12
4. Guidance on Completing the Application Form.....	13
5. Post Authorisation	29
Appendix I – Criteria for a Complete Formal Application	30

Terms used in this Guidance Note

Outlined below are descriptions of the terms used in this document and those used in the Central Bank of Ireland's ("Central Bank") Markets in Financial Instruments Directive II ("MiFID II") Authorisation Form for Investment Firms.

Applicant	The legal person making an application submission to the Central Bank for authorisation as an investment firm under MiFID II.
Application	<p>Application refers to:</p> <p>(i) A fully completed and signed Application Form for Authorisation as an Investment Firm (including all the specific information and supporting documentation requested therein);</p> <p>(ii) A Programme of Operations (including all the specific information and supporting documentation requested therein);</p> <p>(iii) A completed Individual Questionnaire ("IQ") (including all the specific information and documentation requested therein) in respect of all relevant individuals proposed to hold a Pre-Approval Controlled Function ("PCF") role in the applicant, including the members of the management body, and all individuals who are qualifying shareholders;</p> <p>(iv) Financial Projections for Year 0¹, Year 1, Year 2, Year 3 ("First 3 Years") of operation (including all the specific information and supporting documentation requested in line with paragraph (f) of Appendix I of this Guidance Note); and</p> <p>(iv) Any other specific information and documentation requested in line with Appendix I of this Guidance Note.</p>
Application Form	A fully completed and signed Application Form for Authorisation as an Investment Firm (MiFID II Authorisation Form for Investment Firms), including the specific information and documentation requested therein.
Authorisation	Authorisation as an investment firm in accordance with European Union (Markets in Financial Instruments) Regulations 2017 (S.I. 375 of 2017).
Bank Recovery and Resolution Directive ("BRRD")	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council
Bank Recovery and Resolution Regulations ("BRR Regulations")	European Union (Bank Recovery and Resolution) Regulations 2015 (S.I. No 289 of 2015).
Capital Requirements Directive ("CRD IV")	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

¹'Year 0' – at authorisation date, i.e. the financial projections should confirm that the applicant firm will be in a position to meet its regulatory capital requirements as at authorisation date (Year 0) and on an ongoing basis (Year 1, Year 2, Year 3).

Capital Requirements Regulation (“CRR”)	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.
Client Assets Requirements (“CAR”)	The CAR are contained in Part 6 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 (S.I. 10 of 2023) (the Central Bank Investment Firms Regulations)
Client Asset Management Plan (“CAMP”)	The CAMP refers to the plan created by the applicant firm pursuant to Regulation 72(1) of the CAR for the purpose of safeguarding client assets
CAR Guidance	Central Bank Guidance for investment firms to assist industry in interpreting the CAR.
Central Bank	Central Bank of Ireland.
Controlled Function (“CF”)	A CF is a function in relation to the provision of a financial service which is prescribed by the Central Bank Reform Act 2010 (Sections 20 and 22) Regulations 2011 (S.I. No. 437 of 2011) (Schedule 1) as a CF.
Internal Capital Adequacy Assessment Processes (“ICAAP”)	ICAAP means arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital that the investment firms consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or may be exposed.
Internal Liquidity Adequacy Assessment Process (“ILAAP”)	ILAAP means arrangements, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of liquid assets that the investment firms consider adequate to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or may be exposed.
Investment Firm	In accordance with Regulation 3(1) of the MiFID II Regulations, an investment firm means any person whose regular occupation or business is the provision of one or more investment services to third parties or the performance of one or more investment activities on a professional basis or both but does not include a natural person unless— (a) his or her legal status ensures a level of protection for third parties’ interests equivalent to that afforded by legal persons, (b) he or she is subject to equivalent prudential supervision appropriate to his or her legal status, and (c) if Regulation 3(2) of the MiFID II Regulations is applicable, he or she ensures that the conditions set out in that paragraph are fulfilled.
Investment Services and Activities	In accordance with Regulation 3(1) of the MiFID II Regulations, investment services and activities mean any of the services and activities listed in Part 1 of Schedule 1 of the MiFID II Regulations relating to any of the instruments listed in Part 3 of that Schedule.
Investment Firms Directive (“IFD”)	Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU
Investment Firms Regulation (“IFR”)	Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending

	Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014
Guidance Note	Guidance Note on Completing an Application Form for Authorisation as an Investment Firm under MiFID II.
Market Abuse Regulation (“MAR”)	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
MiFID II Regulations	European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017).
MiFID II safeguarding of client asset rules	The MiFID II rules on the safeguarding of client financial instruments and funds, as contained in Regulation 23 of the MiFID II Regulations, Schedule 3 to the MiFID Regulations II, as well as MiFID II.
Markets in Financial Instruments Regulation (“MiFIR”)	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.
Pre-Approval Controlled Function (“PCF”)	Pre-Approval Controlled Function within the meaning of Schedule 2 of the Central Bank Reform Act 2010.
The Probability Risk and Impact System™	The Probability Risk and Impact System™ (“PRISM™”) is the Central Bank’s risk-based framework for the supervision of regulated financial service providers.
Qualifying Shareholder	Qualifying Shareholder means a legal or natural person with a direct or indirect holding of shares or other interests in the applicant which represents 20 per cent or more of the capital or of the voting rights

1. Introduction

This document provides guidance in relation to the process and requirements of the Central Bank for establishing an investment firm in Ireland. It does not constitute legal advice nor does it seek to interpret relevant legislation.

Applicant firms are expected to know and understand the MiFID II Legislation, as defined below, and all other relevant financial services law and are advised to seek professional advice for questions relating to the MiFID II Legislation, its applicability to an application or completing any part of the process in applying for authorisation.

Applicant firms should read the [MiFID Investment Firm](#) webpage on the Central Bank website (www.centralbank.ie) and this Guidance Note in its entirety prior to contacting the Central Bank to request engagement on a proposed application.

Investment Firm Legislation (“MiFID II Legislation”)

The MiFID II Regulations (as amended), MiFID II, MiFIR, European Union IFR and IFD any associated implementing and delegated acts, any European Supervisory Authority guidance including any opinions, guidelines, questions and answers, finally any guidance, which the Central Bank may issue from time to time, together the “MiFID II Framework”, provide a comprehensive regulatory regime for investment firms and regulated markets in Ireland.

The Central Bank is the competent authority in Ireland for the authorisation of investment firms and the supervision of investment firms’ compliance with applicable regulatory legislation. Responsibility for the proper management and control of an investment firm, and the integrity of its systems, rests with the board of directors and senior management of the investment firm. Ethical behaviour and transparency in business dealings are key values expected of boards and senior management.

The Central Bank welcomes applications where the proposed investment firm (hereinafter referred to as “applicant”/“applicant firm”/“the firm”) can meet the legislative requirements relating to investment firms and all other, current, published requirements including the recommendations, opinions and guidance issued by the European Banking Authority (“EBA”) and the European Securities and Markets Authority (“ESMA”), available on their websites, and all new requirements issued by the Central Bank, details of which are published on the Central Bank website – www.centralbank.ie.

Each potential applicant must also consider whether it and its proposed activities/business model:

- require authorisation under the MiFID II Legislation;
- can comply with the MiFID II Legislation, both at authorisation **and** on an on-going basis; and
- can comply with the Central Bank’s requirements and any other relevant financial services law, both at authorisation **and** on an on-going basis.

The provisions of Regulation 13 of the MiFID II Regulations regarding competent authorities withdrawing an authorisation should be borne in mind when considering whether or not to submit an application for authorisation.

Investment Business Services

Applicants who propose to engage in Investment Business Services as defined in Section 2(1) of the Investment Intermediaries Act, 1995 (as amended) (“the IIA”) that are not listed in Part A of Schedule 1 of the MiFID II Regulations (“non-MiFID II services/activities”) may seek to have their MiFID II authorisation extended to include the provision of these investment business services, or cover these investment instruments, as defined in the IIA.

Passorting

MiFID II provides for investment firms who wish to carry on regulated business activities permitted by their authorisation throughout the EEA, either by establishing a branch (“Freedom of Establishment”) or passorting services (“Freedom of Services”). Further details along with the relevant notification forms can be found on the Central Bank’s dedicated webpage, entitled [Passorting In/Out for MiFID II Firms](#)

How to Submit an Application for Authorisation

Application documentation is available on the Central Bank’s website www.centralbank.ie. All documents submitted should be in PDF format and electronic signatures may be used in documentation where a signature is required.

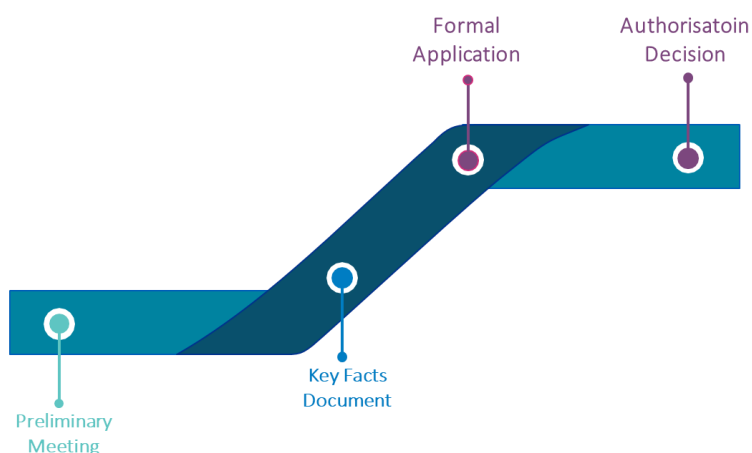
With regard to the submission of an application, applicant firms need to contact the Central Bank via investmentfirmauthorisations@centralbank.ie to request access to the Central Bank’s secure file transfer system, which should be used by applicant firms to submit their application, including all the specific information and supporting documentation requested therein. In addition, applicant firms should advise who will be responsible for the submission of the application on behalf of the applicant firm, including their email address, and confirm when the applicant firm intends to submit the application.

Business expansion and MiFID II authorisation extension proposals require the prior approval of the Central Bank. An authorised investment firm should apply to the Central Bank for an amendment or extension to its authorisation where it seeks to either add or remove an investment service or activity or a financial instrument to or from its existing authorisation. The investment firm should contact the Central Bank’s supervisory team with regard to the business expansion or the authorisation team with regard to the authorisation extension and set out at a high level its proposals. The Central Bank will inform the investment firm of the process which must be followed regarding such proposals including details of the documentation required to be submitted and the estimated assessment timeline.

The email address of the Central Bank of Ireland Investment Firm Authorisation Team is investmentfirmauthorisations@centralbank.ie.

2. Application Process

Outlined below is a summary of the Central Bank's application for authorisation process.



1. Preliminary Meeting

A preliminary meeting will be held with all applicant firms in advance of an application being made.

The applicant firm should request a meeting with the Central Bank to discuss its proposed application. A meeting request should be sent by the applicant firm via e-mail to investmentfirmauthorisations@centralbank.ie and should set out at a high level the proposed business model and associated permissions and authorisation being sought. The Central Bank will revert to the applicant firm to schedule the preliminary meeting.

The applicant firm is required to prepare and submit a pre-application presentation by 15 working days in advance of the Preliminary Meeting. The applicant firm is also required to provide a list of attendees which should include the key persons / principals of the firm. The firm is welcome to be joined by its legal advisors. The pre-application presentation should be reasonably high level but must include the information outlined in the Central Bank's **Authorisation Guidance Note for MiFID Investment Firm applicants - Preliminary Meeting Pre-Application Presentation** which can be found on the Central Bank website, a summary of which is set out below:

- a. Introduction to the applicant firm's business model
- b. Rationale for seeking an investment firm authorisation in the jurisdiction
- c. Regulatory permissions sought & current regulatory status
- d. High level background information on the shareholders, and if applicable, the wider group
- e. Business model information, including the following:
 - Proposed business lines & proposed scale and location of the business operations
 - Target market / client base
- f. Financial resilience information
- g. Governance arrangements information, including the following:
 - Organisational structure

- Corporate governance
 - Staff resourcing arrangements
 - Internal control functions – three lines of defence
 - Outsourcing arrangements
- h. Timelines / readiness
- i. Any other information that the applicant firm considers pertinent

At the preliminary meeting the applicant firm will be informed of the Central Bank’s authorisation process and timeframes and will be provided with an indication of the level of intensity of the assessment process to apply which will be proportionate to the nature, scale and complexity of the proposed business model and the MiFID permissions being sought.

Where possible, the Central Bank will highlight to the applicant firm any potential material issues that are identifiable in respect of its proposals in order to facilitate the efficient progress of the application.

The Central Bank expects applicant firms to seek the professional advice of subject matter experts, if appropriate, on all aspects of their application prior to putting forward queries in the preliminary meeting. It should be noted that it is not the Central Bank’s role to provide legal or consulting advice to applicant firms.

2. Key Facts Document (“KFD”)

After the preliminary meeting, the applicant firm will be invited to submit a Key Facts Document (“KFD”).

The KFD should be submitted by the applicant firm via the Central Bank’s secure file transfer system. The information required to be included in the KFD set out in the Central Bank’s **Authorisation Guidance Note for MiFID Investment Firms - Key Facts Document**, which can be found on the Central Bank’s website. The applicant firm should also ensure the KFD addresses any issues raised by the Central Bank during the preliminary meeting stage. Below is a summary outline of the required KFD content.

- a. Introduction and the purpose, scope and rationale for authorisation application
- b. Brief background of the applicant firm and the reason(s) why the applicant firm has selected Ireland as a location from which to carry out investment services and apply for MiFID II authorisation
- c. Business model
- d. Client assets
- e. Clients
- f. Governance & staff resourcing arrangements
- g. High-level capital projections for the First 3 Years (i.e. Year 0, Year 1, Year 2, Year 3)
- h. Requests for permission, derogation or use of a waiver under relevant legislation
- i. Application submission timeline

The KFD should be limited to the points that are outlined in detail in Central Bank’s Guidance. Information should clearly and precisely address each point.

The Central Bank will assess the contents of the KFD and will revert to the applicant firm in writing with any queries or comments it may have on the contents. The length of time this takes varies based on the complexity of the proposal and the quality of the applicant's submission – high quality submissions generally process faster as less clarifications and queries are necessary from the Central Bank's perspective.

If the KFD does not contain, or is materially deficient in relation to the information required, the applicant firm will be requested to revise and resubmit an updated KFD with the appropriate level of detail in order to progress the assessment.

Following the successful conclusion of the Central Bank's assessment of the KFD and the associated engagement with the applicant firm, the Central Bank will proceed to invite the applicant to submit a Formal Application. Where an applicant's proposed business model is of a significant nature, scale and complexity, the Central Bank may request the applicant to submit a 'Draft Formal Application' before moving to the Formal Application stage.

3. Complete Formal Application

Upon receipt of a 'complete' Formal Application (see below Appendix I for the Criteria for a 'Complete Application') from an applicant firm, acknowledgement of the receipt of the complete application will be issued by the Central Bank.

4. Incomplete Application

The Central Bank will return an incomplete application to the applicant firm and set out the reasons it has been deemed incomplete. Please note that the legislative timeframe undertaken by the Central Bank to make a decision on the Formal Application will not commence until a complete application is submitted.

5. Review of the Application

On review of the complete application, the Central Bank will engage with the applicant firm to set out the expected timeframe by which initial and subsequent comments will issue to the applicant firm and set out the corresponding timelines for responses by the applicant firm.

In order to be in a position to meet the assessment timeframe on a Formal Application for authorisation, the Central Bank cannot engage in an exhaustive verification exercise of the information provided and therefore the onus is on the applicant firm to ensure all information in the Application Form meets the relevant requirements and, where applicable, this should be verified by the applicant prior to making its filing.

6. Decision on the Application

A determination will generally be made on the application within 6 months of receipt of a complete application.

However, as provided for in MiFID II Regulation 10 (1)(a) in instances where further information or records have been requested by the Central Bank in relation to the application, a determination will be made within 6 months after the receipt by the Central Bank of the further information or records.

Successful applicant firms are issued with a letter of authorisation by the Central Bank that sets out their authorisation requirements and any conditions of authorisation.

3. *Obligations of an Investment Firm*

This list is non-exhaustive. An applicant firm must familiarise itself with the obligations and requirements of an investment firm authorised under the MiFID II Legislation and such obligations and requirements include but are not limited to the following:

- MiFID II Legislation;
- IFD/IFR;
- CRD IV/CRR;
- Regulations made under Section 32D of the Central Bank Act 1942 (as inserted by the Central Bank Reform Act 2010) (Levy Contribution);
- The Investor Compensation Act 1998 (as amended);
- The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended);
- The Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 (S.I. 10 of 2023);
- MAR;
- The Corporate Governance Requirements for Investment Firms and Market Operators 2018;
- EBA Guidelines on Outsourcing Arrangements and the Central Bank's Cross-Industry Guidance on Outsourcing;
- Fitness and Probity Standards (Code issued under Section 50 of the 2014 Central Bank Reform Act 2010);
- The Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Minimum Competency Regulations 2017 (S.I. 391 of 2017) and the Minimum Competency Code 2017;
- Any other provision of law that the applicant firm may be subject to and which is not set out in the above non-exhaustive list.

4. Guidance on Completing the 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.

Please take the time to read these notes carefully. They will help you to complete the Application Form correctly.

It is important when completing the Application Form that you provide accurate and complete information including disclosure of all relevant information.

App Form Ref.	Guidance
Annex A: General Information	
A1	No additional notes.
A2	No additional notes.
A3	No additional notes.
A4	No additional notes.
A5	<p>What constitutes a "head office"/"principal place of business" depends on 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 firm and the place where the day-to-day decisions about the direction of the applicant firm's business are taken. This location/place should be in Ireland if seeking authorisation in this jurisdiction.</p> <p>There should be a significant senior management presence in Ireland to ensure that full authority and effective control of the applicant firm rests within the head office/principal place of business.</p> <p>The onus of meeting all statutory requirements and satisfying the Central Bank that adequate and effective control of an entity rests in Ireland and not abroad lies with the applicant firm.</p> <p>Indications of this may include:</p> <ul style="list-style-type: none"> • decision making at board and committee level taking place within Ireland; • significant senior management presence in Ireland; and • financial control, legal and compliance, and risk management included in functions located within the head office/principal place of business.
A6	No additional notes.
A7	This must be someone who possesses knowledge of the applicant firm's business model and its requirements under the MiFID II Legislation. It cannot be a professional advisor.

A8	No additional notes.
A9	No additional notes.
A10	No additional notes.
A11	No additional notes.
A12	No additional notes.
A13	See definitions of "Systematic Internaliser", "Algorithmic trading" and "High-frequency algorithmic trading technique" in Article 4 of MiFID. Where the applicant firm proposes to act as a Systematic Internaliser, an Algorithmic Trader and/or a High Frequency Trader, the Central Bank may have additional requirements. These will apply on a case-by-case basis and will be notified to the applicant firm at the preliminary meeting stage.
A14	No additional notes.
A15	No additional notes.
A16	No additional notes.
A17	<p>For the purposes of this question, "applicant firm" refers to the legal entity in respect of whom the application relates, its qualifying shareholders (both legal and natural persons) (and persons who effectively direct the business thereof), its subsidiaries and undertakings.</p> <p>Details which could impact on the authorisation decision include, but are not limited to:</p> <ul style="list-style-type: none"> • any current regulatory approvals or membership of a professional association or trade body; • any other current or previous applications for regulatory approval or membership of a professional association or trade body; • any refusal or withdrawal of authorisation or membership by a regulatory body, professional association or trade body; • any decision not to proceed with an application for authorisation or membership by a regulatory body, professional association or trade body; • any petition (whether pending or otherwise) for the compulsory winding up, application for a dissolution order, scheme of arrangement or composition of debts with creditors, appointment of a receiver or examiner or bankruptcy petition; • any settlement agreements, either in or out of court; • any legal convictions or regulatory sanctions (including proceedings currently in being); • details of any fines imposed.
A18	No additional notes.
A19	No additional notes.
Annex B: Capital	
B1	<p>Where the applicant firm intends to use private financial resources, details of the type, source and availability of such capital/funding resources must be provided to the Central Bank. Such details should include but are not limited to:</p> <ol style="list-style-type: none"> a) The amount of funds and the type of capital it falls under; b) Source of funds including evidence of build up over time;

	<p>c) Whether the funds are solely or jointly owned;</p> <p>d) Details on the liquidity/accessibility/availability of the funds;</p> <p>e) Any liens and encumbrances over funds;</p> <p>f) A statement of net worth;</p> <p>g) Details of any other personal commitments and/or guarantees;</p> <p>h) Details of any other financial interests/relationships; and</p> <p>i) Details of any other investments/businesses.</p>
B2	<p>For Class 1 Minus, Class 2 and Class 3 firms, Common Equity Tier 1 items (CET1), Additional Tier 1 and Tier 2 items, along with any deductions, must comply with Article 9 of IFR.</p> <p>Under the 'Capital Item' column the applicant firm should insert the relevant CET1 instrument with reference to the EBA CET1 List(s).</p>
B3	<p>Evidence of paid-up share capital received by the applicant firm must be provided via an up-to-date bank statement(s).</p>
B4	<p>Article 26(3) of CRR requires all CET1 instruments to be approved by the Central Bank before being used in regulatory own funds by investment firms. Investment firms are further referred to Article 9 of IFR.</p> <p>Complete and submit the Central Bank of Ireland 'Capital Contribution Agreement'.</p>
B5	<p>Where the applicant firm uses or expects to use borrowed funds, Tier 2 instruments, all pertinent details of the facilities should be provided. Such details should include but are not limited to:</p> <ul style="list-style-type: none"> • name of lender(s); • maturity date(s); • terms; • pledges; • guarantees; • origin of funds (where lender is not a supervised financial institution).
B6	<p>The Central Bank expects applicant firms to have contingent plans in place for obtaining financial resources (further capital) in the form of CET1, should they be required subsequent to authorisation.</p> <p>Applicant firms should provide details including the sources, types and amounts of potential funds and the terms attached to such funds.</p>

Annex C: Shareholders

C1	<p>For the definition of 'qualifying holding' see Regulation 3(1) of the MiFID II Regulations and Articles 9, 10, 12(4) and 12(5) Directive 2004/109/EC.</p> <p>The applicant firm must provide a chart outlining its full ownership structure including all direct and indirect qualifying shareholders and their percentage ownership.</p> <p>Where the applicant firm 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/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 situated must also be disclosed.</p> <p>Disclose in the chart whether each natural/legal person is regulated/unregulated along with the identity of the regulatory body where applicable.</p>
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	<p>The chart provided must be consistent with the information provided in the tables in sections C2 and C3.</p>
C2	<p>The applicant must identify all persons (whether natural or legal) with a direct qualifying holding in the applicant firm.</p> <p>Where the beneficial owner of the direct qualifying holding differs from the legal owner the applicant firm must consider whether the beneficial owner is also a qualifying shareholder.</p> <p>Where the beneficial owner fails to be a qualifying shareholder in the applicant firm, they must be included both in the shareholder chart at C1 and in the table at C2.</p> <p>For any persons who are in a position to exercise significant influence the Programme of Operations must disclose the relationship and the nature of influence.</p> <p>The Programme of Operations must disclose the reason(s) why close links exist or do not exist between the applicant firm and other natural persons.</p> <p>In accordance with Regulation 3(1) of the MiFID II Regulations and Articles 22(1) and (2) Directive 2013/34/EU, "close links" means a situation in which two or more natural or legal persons are linked by -</p> <ul style="list-style-type: none"> a) participation in the form of ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking, b) control, namely the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 22(1) and (2) of Directive 2013/34/EU, or a similar relationship between any natural or legal person and an undertaking, any subsidiary undertaking of a subsidiary undertaking also being considered to be a subsidiary of the parent undertaking which is at the head of those undertakings, or c) a permanent link of both or all of them to the same person by a control relationship
C3	<p>The applicant must identify all persons (whether natural or legal) with an indirect qualifying holding in the applicant firm.</p> <p>Where the beneficial owner of the indirect qualifying holding differs from the legal owner the applicant firm must consider whether the beneficial owner is also a qualifying shareholder.</p> <p>Where the beneficial owner fails to be a qualifying shareholder in the applicant firm, they must be included both in the shareholder chart at C1 and in the table at C3.</p> <p>For any persons who are in a position to exercise significant influence the Programme of Operations must disclose the relationship and the nature of influence.</p> <p>The Programme of Operations must disclose the reason(s) why close links exist or do not exist between the applicant firm and other natural persons.</p>
C4	<p>Where a partner is performing a PCF role an Individual Questionnaire (IQ) must be submitted via the Central Bank's Portal. Where a partner is not performing a PCF role an IQ must be submitted in hard-copy with the Application Form.</p> <p>A list of PCF roles can be found on the Central Bank's website www.centralbank.ie.</p>
C5	<p>The existence of close links must not prevent the Central Bank from effectively supervising the applicant firm. Possible examples of the kind of issues that might prevent the Central Bank's effective supervision of an investment firm include anything that might:</p> <ul style="list-style-type: none"> • affect an investment firm's ability to provide adequate information to the Central Bank at any time; • hinder the flow of information from an investment firm or an investment firm's close link to the Central Bank at any time; • prevent the Central Bank from being able to assess the overall financial position of an investment firm or its close link at any time.

	The applicant firm must therefore set out what action, structures and mechanisms it has in place to prevent the existence of such close links from preventing the Central Bank from effectively supervising the applicant firm.
C6	<p>For each category of qualifying shareholder please complete and submit the following application forms:</p> <p><u>Qualifying shareholders who are individual/natural persons</u></p> <p>Application Form for a Natural Person with a Qualifying Holding in an Investment Firm and Fund Service Provider</p> <p><u>Qualifying shareholder that is a company, partnership, trust, nominee company</u></p> <p>Application Form for a Legal Person with a Qualifying Holding in an Investment Firm and Fund Service Provider</p> <p><u>Note: All share registers must be certified by a party independent of the applicant firm such as an accountant or professional advisor.</u></p>
C7	The chart provided must be consistent with the information provided in the tables in section C8.
C8	No additional notes.
Annex D: The Management Body and Persons Who Direct the Business	
D1	<p>A list of PCF and CF roles can be found on the Central Bank website www.centralbank.ie.</p> <p>See Section 2(3) of this Guidance Note re “Complete Application” and Appendix I for details on the Individual Questionnaire filing process for PCF role holders. Equivalent information should be sought with regard to CF role holders, who are not required to submit an online Individual Questionnaire.</p> <p>The Central Bank requires the board to have a balance of executive and non-executive directors.</p> <p><u>The Central Bank requires a minimum of two directors direct the business of the investment firm and have at least one Independent Non-Executive Director (“INED”) on the board of directors. A minimum of two INEDs may be required depending on the nature, scale and complexity of the applicant firm.</u></p> <p>The following Independent Directors criteria must be considered and given reasonable weight in order to assess whether a director is independent:</p> <ol style="list-style-type: none"> Any financial or other obligation the individual may have to the applicant firm or its directors; Whether the individual is or has been employed by the applicant firm or a group company in the past and the post(s) so held; Whether the individual is or has been a provider of professional services to the applicant firm in the recent past; Whether the individual represents a significant shareholder in the applicant firm; Previous experience in the role of independent non-executive director; Any additional remuneration received in addition to the director’s fee, related directorships or shareholdings in the applicant firm; and Any close business or personal relationship with any of the applicant firm’s directors or senior employees. <p>For each person listed in the table in D1, a description must be given of any financial and non-financial interests or relationships of the person and his/her connected persons as defined in Section 220(1) of the Companies Act 2014 to:</p> <ul style="list-style-type: none"> members of the management body and key function holders of the applicant firm;

	<ul style="list-style-type: none"> the parent institution and subsidiaries; and shareholders. <p>Financial interests may include interests such as credit operations, guarantees and pledges, and non-financial interests may include interests such as family or close relationships.</p> <p>Please clarify whether or not any such connected person has any competing interests with the firm, its parent or subsidiaries.</p> <p>For each person listed in D1 clarify:</p> <ul style="list-style-type: none"> Whether or not he/ she has held a position of political influence (nationally or locally) over the last two years; and Whether he or she is being proposed on behalf of any one significant shareholder. <p>For each person listed in D1, please provide a list of the predominately commercial mandates which the individual holds and:</p> <ul style="list-style-type: none"> Whether or not privileged counting rules in Article 91(4) of CRD IV apply², where it does an explanation of any synergies which may arise between the companies; The size of the companies or organisations where those mandates are held, including total assets, whether or not the company is listed and the number of employees; A list of any other additional responsibilities which are associated with those mandates (for example a chair of a committee); and The number of meetings per year dedicated to each mandate <p>The institution should provide a statement regarding its overall assessment of the collective suitability of the management body as a whole including how any individual listed in D1 is to be situated in the overall suitability of the management body. This should include the identification of any gaps or weaknesses.</p>
D2	The results of due diligence procedures carried out by the applicant firm must be made available to the Central Bank upon request.
D3	No additional notes.
<p>Annex E: Financial Information</p>	
E1	Where the applicant firm is part of a group, a submission must accompany the application explaining why consolidated supervision will (including identification of the level)/will not apply to the applicant firm. Additionally the rationale for the answer must be justified by reference to either the CRR and/or S.I. No. 158 of 2014 ³ , or IFR and/or S.I. No. 355 of 2021 ⁴ .
E2	<p>The financial projections (EUR) must be submitted along with the financial calculations via Excel spreadsheet in the following format:</p> <p>a) The projected period must commence at Day 1 of the proposed authorisation period and each period must be titled Year 0, Year 1, Year 2 and Year 3;</p> <p>b) The Profit and Loss Account must be presented as follows:</p> <p style="text-align: center;">Income <u>Less</u> Expenses <i>Equals</i> Gross Profit (Loss) <u>Less</u> Taxation <i>Equals</i> Net Profit (Loss) <u>Less</u> Dividends</p>

² For Class 1 and Class 1 Minus firms.

³ European Union (Capital Requirements) Regulations 2014 (S.I. 158 of 2014) ("Capital Requirements Regulations").

⁴ European Union (Investment Firms) Regulations 2021 (S.I. No. 355/2021) ("IFD Regulations").

	<p><u>Equals</u> Retained Profit (Loss)</p> <p>c) Year 1 of the Profit and Loss Account must be broken up into monthly periods. Year 2 and Year 3 projections may be provided on a quarterly period basis. .</p> <p>d) The Income section of the Profit and Loss Account must be broken up into separate line items that distinguish between each service listed in the tables in Sections A10 and A11.</p> <p>e) The Expenses Section of the Profit and Loss Account must provide sufficient granularity to distinguish between the different categories of expenses. For example, categories of expense should include salaries, bonus, rent, utilities, subscriptions etc.</p> <p>f) Where an applicant firm is not currently trading it must be clear how the applicant's set up costs are borne and, where borne by the applicant firm, the Central Bank expects that the management accounts have appropriately provided for them.</p> <p>g) The Industry Funding Levy and fee to the Investor Compensation Company Limited must be included as separate line items in the Expenses section of the Profit and Loss Account.</p> <p>h) The Retained Profit (Loss) must also incorporate the latest financial position of the applicant firm, i.e. where an applicant is currently trading it must carry forward its latest Retained Profit (Loss).</p> <p>i) The Balance Sheet must be presented as follows:</p> <p style="padding-left: 40px;">Fixed Assets <u>Plus</u> Current Assets <u>Less</u> Current Liabilities <u>Equals</u> Net Assets Capital & Reserves <u>Plus</u> Current Period Retained Profit (Loss) <u>Equals</u> Shareholders' Funds</p> <p>j) It is critical that the applicant firm ensures that the Retained Profit (Loss) figure in the Balance Sheet reconciles with the Profit and Loss Account while ensuring, in cases where an applicant is currently trading, its Retained Profit (Loss) figures to date (based on audited accounts and/or latest management accounts) are accurately being carried forward into the projections.</p>
E3	<p>The applicant firm must provide workings/detailed calculations for each month/quarter/year in order to allow the Central Bank to reconcile the projected income to be derived from each line of activity against its assumptions for that activity (for example in the case of an investment management fee: projected assets under management X rate of fee).</p> <p>The applicant firm 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, with more detail expected on material line items. Furthermore, where an amount in a line item is fluctuating by greater than 20% per month or quarter, an explanation must be provided in the note to explain the rationale behind the movement.</p>
E4	<p>Where the applicant firm expects any clients to individually produce more than 10% of its gross annual income, such income should be disclosed separately in the financial projections and the circumstances explained as part of the assumptions.</p>
E5	<p>0% indicates that the applicant firm will not at any time be providing investment services to that category of client.</p>
E6	<p>The Programme of Operations must include a detailed explanation, along with appropriate legislative references, as to whether or not the applicant firm is within the scope of the CRD IV and the CRR or the IFR/IFD. Refer to below table setting out the categories of MiFID II investment firms within the scope of the CRD IV, CRR or the IFR/IFD.</p> <p>Applicants should first determine their Initial Capital Requirement (Permanent Minimum Capital Requirement)⁵, with respect to the services to be provided, from the table below and then their</p>

⁵ Article 14 of the IFR.

categorisation under the IFR/IFD which requires the firm apply a number of metrics to their capital forecasts.

MiFID II Investment Activities ⁶	Initial Capital Requirement (PMR)
<ul style="list-style-type: none"> • Dealing on own account; • Underwriting of financial instruments on a firm commitment basis; and • Operation of OTF (where that investment firm engages in dealing on own account or is permitted to do so) 	€750,000
<ul style="list-style-type: none"> • Hold client assets • MTF /OTF not dealing on own account • Any other MIFID II activity 	€150,000
<p>Not permitted to hold client assets and carry out one or more of the following:</p> <ul style="list-style-type: none"> • Receiving and transmitting orders; • Executing orders on behalf of clients; • Portfolio management; • Investment advice; and • Placing of financial instruments without a firm commitment. 	€75,000

In accordance with Article 11 of IFD, the initial capital of an investment firm must be constituted in accordance with the formula which is provided in Article 9 of IFD.

The applicant firm is expected to calculate its own funds requirements in line with the following table.

Firms presenting as Class 3, based on its own assessment of classification under Article 12 of the IFR, will need to present that assessment within the Programme of Operations.

Categories	Capital Requirements (Own Funds Requirements)
Class 3	'Class 3' firms do not use the K-factor requirement to determine the capital requirements, instead Class 3 firm are required to use the higher of the following capital requirements: <ul style="list-style-type: none"> • Permanent Minimum Capital Requirement (PMCR) • Fixed Overhead requirement⁷
Class 2	'Class 2' firms are required to use the highest of the following capital requirements: <ul style="list-style-type: none"> • Permanent Minimum Capital Requirement (PMCR) • ¼ of Fixed Overheads of the previous year • The K-Factor Requirement
Class 1 Minus	'Class 1 Minus' firms will be subject to the following capital provisions: <ul style="list-style-type: none"> • Permanent Minimum Capital Requirement (PMCR) • Ongoing capital requirements per Article 92 of the CRR
Class 1 ⁸	Must seek authorisation as a Credit Institution with capital requirements per the CRR.

⁶ Section A of Annex I to MiFID II.

⁷ ¼ of Fixed Overheads.

⁸ Please note that the Application Form and this Guidance Note are applicable to investment firms authorised under MiFID II Regulations only, i.e. Class 1 minus, Class 2 and Class 3 firms.

	<p>Where an investment firm intends to rely on the Fixed Overhead Requirement for its regulatory capital requirements, detailed workings must be provided⁹.</p> <p>Where consolidated supervision will apply to the authorised entity, the applicant firm must also provide projected consolidated calculations for a period of three years from the date of authorisation at the level where consolidated supervision will apply.</p> <p>Banking Recovery & Resolution Directive</p> <p>Firm's with an Initial Capital Requirement of €750K have obligations under the BRR Regulations, which applies to all Irish banks and certain investment firms. The BRR Regulations transposed the BRRD into Irish Law on 14 July 2015 and came into effect on 15 July 2015.</p> <p>Regulation 3 of the BRR Regulations defines an in scope investment firm for the purpose of the BRR Regulations, as an investment firm, as defined in point (22) of Article 4(1) of IFR which is subject to the initial capital requirement in Article 9(1) of IFD.</p> <p>There is a requirement for the firm to provide specific information in line with the requirements outlined in the BRRD. This information will allow the Central Bank's Resolution Division to complete an assessment of the authorisation proposal from a resolution perspective. Please liaise with the authorisation team in regard to the information submissions required.</p>
E7	<p>The Management Accounts must be the latest available at the time. The Central Bank reserves the right to request more updated management accounts as the application progresses in order to assess the updated capital position of the applicant firm.</p>
E8	<p>No additional notes.</p>
<p>Annex F: Organisation of the Firm</p>	
F1	<p>If the applicant firm proposes to establish an EEA branch, the Programme of Operations must disclose the following:</p> <ul style="list-style-type: none"> a) the role and responsibilities of the branch and how these are linked to the operations carried out at the principal business address of the applicant firm; b) how the Managing Director/Chief Executive of the applicant firm will maintain oversight of the branch as well as how the Head of the Branch will oversee the operations of the branch; c) summary details of the arrangements in place to ensure compliance with client asset rules (if applicable), local conduct of business rules, anti-money laundering, and monitoring and controlling of critical outsourcing (if applicable). <p>The answers provided to the remainder of questions in Annex F of the Application Form must incorporate details of the branch governance and core business activities, e.g. the group and staff organisational charts must incorporate the branch and the branch staff; the financial projections (EUR) must incorporate the running of the branch as well as its costs of establishment; etc.</p> <p>Any proposed branches outside of Ireland and within the EEA will require a passporting notification to be sent to the National Competent Authority in the host country from the Central Bank. While the passporting notification cannot be issued by the Central Bank until after the applicant firm has received its authorisation, if the applicant firm wishes to do so, it can submit any branch passporting notification requests during the authorisation process, which may assist in a faster notification process post authorisation. Details on how to apply for a passporting notification can be found on the Central Bank's website.</p>
F2	<p>If the applicant firm proposes to appoint a tied agent, the Programme of Operations must disclose the following:</p> <ul style="list-style-type: none"> a) the services that will be provided by the tied agent and how these are linked to the operations carried out at the principal business address of the applicant firm;

⁹ Monthly for Year 1, quarterly year 2 and 3.

	<p>b) how the applicant firm will maintain oversight of the tied agent;</p> <p>c) summary details of the arrangements in place to ensure the tied agent complies with the applicant firm's obligations and requirements under MiFID II Regulations; and</p> <p>d) a description of the steps taken by the applicant firm, and the outcome thereof, to establish whether the tied agents which they propose to appoint are of sufficiently good repute and possess the appropriate general, commercial and professional knowledge and competence so as to be able to deliver the investment service or ancillary service and to communicate accurately all relevant information regarding the proposed service to the client or potential client.</p> <p>The answers provided to the remainder of questions in Section F of the Application Form must incorporate the operations of all tied agents.</p>
F3	No additional notes.
F4	No additional notes.
F5	<p>The applicant must detail all aspects of the operation of the MTF/OTF/Trading Venue and ensure it has the required rules and procedures in place as mandated by Commission Implementing Regulation (EU) 2016/824. Additionally Table 1 in the Annex must be submitted to the Central Bank in electronic format. The Central Bank may request the applicant provide the rules in the form of a "Rulebook" as well as any procedures as part of the application submission.</p> <p>If an applicant firm intends to operate a Distributed Ledger Technology ("DLT") Market Infrastructure, for further information please refer to the 'Important Information for MiFID Investment Firms' and the DLT Pilot Regime for Market Infrastructures - Application form 2023 at the Central Bank's website.</p>
F6	<p>Relevant information in the Programme of Operations shall include:</p> <p>a) an outline of the applicant firm's business strategy and clear details of its business model for each service and activity listed in Sections A10 and A11;</p> <p>b) transaction order flows from start to finish of the business process for each proposed activity i.e. from initial interaction with the client through to carrying out the transaction on the trading venue or with another service provider vendor. The transaction flow should be demonstrated using a diagram in conjunction with a detailed narrative and should outline each leg of the transaction along with the function within the applicant firm responsible for performing that leg;</p> <p>c) a detailed overview of the nature, revenue, volume and rationale for all 'Other Regulated' (for example insurance mediation business) and 'Unregulated' services/activities currently or proposed to be carried out. Details of the function within the applicant firm responsible for carrying out the aforementioned activities should also be provided;</p> <p>d) a description of all activities currently or proposed to be carried out outside of the State including the objective and nature of the activity and whether or not it is a regulated activity;</p> <p>e) the domicile of prospective clients/targeted investors;</p> <p>f) the marketing and promotional activity and arrangements, including languages of the offering and promotional documents; identification of the Member States where advertisements are anticipated to be most visible and frequent; type of promotional documents (in order to assess where effective marketing will be mostly developed); and</p> <p>g) the identity of direct marketers, financial investment advisers and distributors, and the geographical localisation of their activity.</p>
F7	The Central Bank expects applicant firms to have a robust and comprehensive corporate governance structure that is sufficient to ensure that there is effective oversight of the activities of

	<p>the applicant firm taking into consideration the nature, scale and complexity of the business being conducted.</p> <p>The applicant firm must demonstrate how it will promote strong and effective corporate governance through robust arrangements including a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed and adequate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls, remuneration policies and practices that are consistent with and promote sound and effective risk management both on a solo basis and at group level.</p> <p>Consideration must be given to the composition of the board: <u>independence</u>; induction and training; diversity; suitability assessment; reporting delegate responsibilities and senior management.</p> <p>The organisational chart must clearly highlight:</p> <ol style="list-style-type: none"> a) the function(s) each staff member is responsible for; b) their reporting line within the applicant firm along with relevant reporting lines to the Board; c) whether they hold/ will hold a CF or PCF; d) whether they will be employed on a full or part time basis. <p>Where the applicant firm has committees/ sub-committees in place, the objective and modus operandi of the committees must be disclosed.</p> <p>The applicant firm must demonstrate how the composition of its management body complies with the Central Bank’s Corporate Governance Requirements for Investment Firms and Market Operators 2018, where applicable.</p>
<p>F8</p>	<p>The heads of internal management and supervisory functions may not all be PCF role holders. Therefore, it is expected that the biographies included in the Programme of Operations may consist of persons holding CF roles in addition to all of the PCF role holders.</p>
<p>F9</p>	<p>No additional notes.</p>
<p>F10</p>	<p>The Central Bank will need to be satisfied that the applicant firm's rationale for applying for authorisation to hold client assets is central to the applicant firm's business model and that such a significant authorisation is required. Furthermore, the Central Bank will need to be satisfied that the organisational structure and control environment of the applicant firm is sufficient to mitigate client asset risks.</p> <p style="padding-left: 40px;">a) An outline of the applicant firm's proposed approach to complying with the CAR and MiFID II safeguarding of client asset rules</p> <p>The applicant firm is referred to the CAR and the MiFID II safeguarding of client asset rules.</p> <p>There are seven core principles of client asset protection, which align with the chapters of the CAR:</p> <ol style="list-style-type: none"> 1. Segregation; 2. Designation and Registration; 3. Reconciliation; 4. Daily Calculation; 5. Client Disclosure and Consent; 6. Risk Management; and 7. Client Asset Examination. <p>The applicant firm should outline how it intends to comply with the CAR and MiFID II safeguarding of asset rules and its proposed approach to embedding the seven core principles of client asset protection in its organisational structure and control environment.</p>

	<p>The applicant firm should consult the CAR Guidance which is available on the Central Bank website (link).</p> <p>Applicant firms that intend to enter into Title Transfer Collateral Arrangements, as defined in Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements, with clients should be aware that certain provisions of the CAR and MiFID II safeguarding of client asset rules will apply in respect of such arrangements.</p> <p>b) A Client Asset Management Plan (“CAMP”) specifying any proposed client asset safeguarding arrangements</p> <p>The applicant firm is required to prepare a CAMP, as defined in Regulation 47 of the CAR. The applicant firm should consult Chapter 6: Risk Management of the CAR Guidance when drafting the CAMP.</p> <p>In addition to the information listed in Regulation 72(4) of the CAR, the applicant firm’s CAMP should include the following:</p> <ul style="list-style-type: none"> • A formal description of the applicant firm’s proposed business model. This should include details of any regulated and unregulated activities, types of clients and products provided by the firm; • A rationale for holding client assets; • The investment cycle of transactions, from the initial receipt of client assets to the final distribution to the client. Consideration should be given to the mechanism and control processes in place; • Details of any mixed remittances or unregulated assets, including an overview of relevant controls; • Details of any third parties with whom client assets will be deposited, including the name of the third parties and proposed contractual arrangements; • A detailed overview of the applicant firm’s client asset arrangements including how the firm will organise itself to meet its obligations under the CAR. This should include details of: <ul style="list-style-type: none"> a) staff and their duties and responsibilities in relation to the applicant firm’s CAR obligations; b) any outsourcing arrangements for the safeguarding of client assets; c) governance arrangements; d) compliance arrangements; e) details of any proposals to operate collateral/margin arrangements or any proposals to provide securities lending/borrowing services; and f) IT systems.
<p>F11</p>	<p>Please confirm the applicant has the following policies and procedures in place, these policies and procedures should be in compliance with the relevant MiFID II Framework and ESMA guidance (RTS, ITS, Q&A and Opinions):</p> <ul style="list-style-type: none"> a) Inducements; b) Complaints handling; c) Personal transactions; d) Conflicts of interest [noting close links, demonstrating effective control and monitoring by management of the firm acting in the best interests of clients]; e) Information to clients and potential clients; f) Investment advice; g) Assessment of suitability and appropriateness; h) Reporting to clients;

	<ul style="list-style-type: none"> i) Best execution. To comply with the requirements of the MiFID II framework and encompassing consideration of risks from use of single venues, intragroup links, technology links, disclosure to clients, hedging client orders on a back-to-back basis, selection of hedging venues, firms must consider how these impact the delivery of best execution for their clients; j) Intra-group hedging arrangements [oversight and deliverance of best execution]; k) Client order handling; l) Safeguarding of client assets; m) Eligible counterparties; n) Record-keeping; o) Obligations of investment firms when appointing tied agents; p) Application of Conduct of Business Rules for branch's established by the firm; and. q) Outsourcing (in particular where it concerns Placing or Best Execution in a non-EU jurisdiction). <p>While the Central Bank does not require the actual Conduct of Business Manual as part of the application process, this document must be made available to the Central Bank upon request.</p> <p>The applicant may be requested to provide any of the above policies and procedures as part of the application submission documentation or through-out the authorisation process.</p>
F12	No additional notes.
F13	<p>Where the applicant firm will be engaging in outsourcing (intra group and/or with third party providers) pursuant to the MiFID II Regulations, the Programme of Operations must detail the following information, in particular highlight whether the outsourcing arrangements are critical or important and ensure that the information supplied to the Central Bank is proportionate with the nature of the outsourcing arrangements (i.e. it is expected that the applicant firms will provide more detailed information about their critical or important outsourcing arrangements):</p> <ul style="list-style-type: none"> a) Demonstrate that proposed outsourcing aspects are compliant with Commission Delegated Regulation (EU) 2017/565 Article 31 and 32, the Central Bank's Cross-Industry Guidance on Outsourcing, ESMA Opinions ESMA35-43-762 and ESMA70-154-270 and have regard to the EBA Guidelines on Outsourcing Arrangements; b) The firm must self-certify that the EU entity providing outsourcing services has the required knowledge, expertise and experience and is compliant with the EU regulatory framework; c) All outsourcing of functions must be preceded by the firm's written due diligence undertaken on the proposed outsourced service provider ("OSP") and possible substitutes (if any) in regard to the outsourcing element; d) The objective reasons for the outsourcing of each aspect proposed to be outsourced and the selection of the OSP; e) The firm's plans to cease the outsourcing and to take back any aspects proposed to be outsourced (phase out of outsourcing arrangements), and to include the timeframe for taking outsourced activities back in-house (exit planning); f) The firm should ensure all Service Level Agreements on outsourcing provide for ceasing the outsourcing arrangement and provide for transfer of the outsourcing to a third party or to take in-house; g) Details of the outsourced functions, services or activities (or those intended to be outsourced), including assessment of criticality or importance of services/activities to be outsourced; h) Details of the contracts concluded or foreseen with external providers; i) Resources allocated to the control of the outsourced functions, services or activities, in particular, human and technical, and the internal control system.;

	<ul style="list-style-type: none"> j) Confirmation the outsourcing provider(s) that are carrying out outsourcing activities are appropriately authorised and regulated for the activity; k) Confirmation that functions/services provided by outsourced entities are in compliance with all applicable EU requirements; l) Where outsourcing is to non-EU and EU OSPs, consideration of all risks and their mitigants; m) Consideration of the ability of the Central Bank to supervise the outsourcing as well as access by the Central Bank to the outsourced entity; n) Outsourcing arrangements comply with the MiFID II Framework and to EU data protection restrictions on data transfer outside the EU, and recovery and resolution provisions; o) Firms outsourcing safekeeping functions should pay particular attention to the OSPs' local laws and how these may impact its duties towards EU clients and their rights to access own assets; and p) Firms outsourcing to the cloud must ensure any outsourcing is implemented in a manner that complies with applicable European legislation. <p>The employee of the applicant firm assigned with the responsibility of overseeing the services carried out by the OSP must have sufficient seniority and expertise to ensure the work is carried out to the minimum standard agreed with the outsourcing party.</p> <p>Please note: the Central Bank may request the applicant to provide the Service Level Agreement(s) ("SLA") and other documentation on the due diligence undertaken by the firm in relation to outsourcing during the authorisation process.</p>
<p>F14</p>	<p>The Central Bank requires the applicant have policies and procedures to manage Conflicts of Interest as mandated by the MiFID II Framework. Policies and procedures that deal with the firm's Conflicts of Interest may be requested by the Central Bank during the authorisation process.</p>
<p>F15</p>	<p>The Programme of Operations should detail all aspects of IT systems used for Algorithmic Trading and/to provide direct electronic access. It should include a summary of the IT and cyber risk and the associated risk framework and details of the Business Continuity Planning arrangements for IT infrastructure.</p>
<p>F16</p>	<p>In completing this section of the Application Form, the applicant firm must consider all MiFID II Legislation, and in particular Organisation Requirements in the Commission Delegated Regulation (EU) 2017/565 and the MiFID II Regulations.</p> <p>At a minimum, the following list of principles must be included or addressed in the applicant firm's Compliance Manual and an overview thereof should be provided in the Programme of Operations:</p> <ul style="list-style-type: none"> a) Identification, assessment, monitoring and control of compliance; b) Compliance testing at least annually; c) Updating and training staff in relation to compliance issues; d) Compiling and the implementation of a compliance plan on an annual basis; e) Ensuring the firm acts within its legal and regulatory constraints; f) Monitoring customer complaints; g) Escalation of compliance issues; and h) The frequency of interaction between the Compliance Officer and other functions/staff. i) The firm shall establish, implement and maintain adequate compliance policies and procedures which identify the risks of failure by the firm to comply with its obligations under the MiFID II Framework. <p>While the Central Bank does not require the actual Compliance Manual as part of the application process, this document must be made available to the Central Bank upon request. The Central Bank may request other/supporting documentation from the applicant during the authorisation process.</p>

	<p>At a minimum, the following list of principles must be included or addressed in the applicant firm's Internal Control & Risk Management Manual and disclosed in the Programme of Operations:</p> <ul style="list-style-type: none"> a) The compilation of a Risk Management Framework that identifies all risks relevant to the firm and mitigating actions taken against each risk to prevent that risk occurring; b) On-going monitoring and testing of the adequacy and effectiveness of the firm's risk management policy and procedures; c) Compiling and sending Risk Management Reports to the Managing Director and the Board of Directors; d) That the risk management procedures are freely and easily accessible to all staff; e) Escalation of risk issues; and f) Frequency of interaction between Risk Manager and other staff/functions in order to identify risks. g) The firm shall establish, implement and maintain adequate compliance policies and procedures which identify the risks relating to the firm's activities, processes and systems, and where appropriate, set the level of risk tolerated by the firm. <p>In relation to the Internal Audit function, , the following list of principles, at a minimum, must be included or addressed in the applicant firm's Internal Control & Risk Management Manual and disclosed in the Programme of Operations:</p> <ul style="list-style-type: none"> a) Who is responsible for compiling and approving the Audit Plan; b) Frequency of internal audit; c) Who is the Internal Audit Report escalated to; d) That the Internal Auditor has unrestricted access to all individuals, information and data; and e) Who is responsible for ensuring any remedial action from the internal audit has been taken. f) The firm where appropriate and proportionate in view of the nature, scale and complexity of its business establish, implement and maintain an adequate internal audit function which is separate and independent from other functions. g) The internal audit function must examine and evaluate the adequacy and effectiveness of the investment firm's systems, internal control mechanisms and arrangements, issue recommendations and report to senior management in relation to internal audit matters in accordance with the MiFID II Framework. <p>While the Central Bank does not require the actual Internal Control & Risk Management Manual as part of the application process, this document must be made available to the Central Bank upon request.</p>
<p>F17</p>	<p>While the Central Bank does not require the actual Anti-Money Laundering Manual as part of the application process, this document must be made available to the Central Bank upon request. The Central Bank may request documentation from the applicant during the authorisation process.</p>
<p>F18</p>	<p>The applicant is expected to have policies and procedures as part of its Business Continuity Planning process that comply with the MiFID II Framework¹⁰. These should take account of the resourcing and systems required in the event of failure of outsourcing arrangements.</p>
<p>F19</p>	<p>The board is required to have separate detailed plans for an orderly and forced wind-down. Each plan must include specific action and trigger points and must be constructed on a phased basis, with each phase clearly setting out the projected timelines for that phase and the resources (in terms of costs and manpower) needed to conclude each and every stage.</p> <p>Each plan must also clearly demonstrate how client assets are protected (if applicable) and how fair treatment of clients is ensured until the firm is successfully wound down.</p>

¹⁰ Article 6 of the RTS on Authorisation.

	<p>In addition, each plan must also demonstrate how the firm would be financially prepared if a wind-down situation arose.</p> <p>Class 1 Minus and Class 2 applicant firms must provide a pro-forma Internal Capital Adequacy Assessment Process (“ICAAP”) with their application submission that provides for the costs of a wind-down scenario. In accordance with the Central Bank’s discretion, Class 3 applicant firms must have internal capital adequacy assessment process and internal risk-assessment process in place, which may be requested by the Central Bank as part of the application submission.</p> <p>While the Central Bank does not require the actual wind-down plans and ICAAP as part of the application process, these documents must be made available to the Central Bank upon request. In the case of applicants considered to be Market Infrastructure firms or to be of a medium PRISM impact, the Central Bank may request the ICAAP as part of the application submission process.</p>
F20	<p>While the Central Bank does not require the actual Record Management, Record-Keeping and Record Retention Manuals as part of the application process, these documents must be made available to the Central Bank upon request. The Central Bank may request documentation from the applicant during the authorisation process.</p>
F21	<p>The applicant firm must ensure that all required procedures are ‘firm specific’, clearly documented and in place at the date of authorisation. In the case where any procedure is outstanding, the applicant firm must provide a detailed plan with a timeline as to when these procedures will be developed and implemented for the consideration of the Central Bank.</p>

5. Post Authorisation

The Central Bank authorises investment firms on the basis of the information provided as part of the application process and in this regard all investment firms are required to operate in accordance with the information provided in support of their application for authorisation and in accordance with applicable legislation and requirements.

The Central Bank expects applicant firms to display a proven track record in accordance with the original application (including the Programme of Operations) before a newly authorised investment firm can amend/expand its investment services. The original application must therefore cover activities that are proposed to be undertaken in the first three years post authorisation

Investment firms must 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 promptly take appropriate measures to address any deficiencies. Policies and procedure documentation must be made available to the Central Bank, for review, upon request.

Once authorised the firm will be subject to prudential supervision under the Central Bank's PRISMTM framework. PRISMTM is a risk-based framework for the supervision of all entities regulated by the Central Bank. Detailed guidance can be found on the Central Bank's website.

Appendix I – Criteria for a Complete Formal Application

An application will not be accepted by the Central Bank unless it is complete, which means it includes the following:

Criteria for a Complete Formal Application

- a) Fully completed (all tick boxes and document/page references **must** be filled in where applicable) and signed Application Form.
- b) A Programme of Operations which must include details of each of the following:
 - (i) Business strategy along with a business model that illustrates the regulated investment service(s) to be provided to clients and mapped to the business model;
 - (ii) Overview of any non-IIA/non-MiFID II activity, including unregulated activity, to be carried out (if applicable);
 - (iii) Organisational structure chart along with staff numbers, their time commitments (including where a staff member is part-time, it should be illustrated as to how they are/will be otherwise employed), their roles, responsibilities, location and reporting lines and details of the proposed , PCF role holders and their experience; and
 - (iv) Corporate governance arrangements, e.g., board of directors, sub-committees, other committees. (See Annex F of the Application Form).
- c) Fully completed on-line IQs for all PCF role holders.

The Regulatory and Business Services Division (“RBSD”) is the Central Bank division whose responsibilities include reviewing IQs. Applicant firms should submit IQs via the Central Bank [Portal](#). Applicant firms should familiarise themselves with the [F&P Application Process](#) and follow the [Guidelines](#) on how to register as a Portal User.

- d) Scanned hard copy application forms for individuals who are qualifying shareholders who will not be PCF role holders in the firm, including an accompanying CV and certified net worth statement.
- e) Shareholder information for each qualifying shareholder of the applicant firm, including group structure and required supporting documentation. This should also include the impact of close links and applicability of consolidated supervision. (See Annex C and Annex E of the Application Form).
- f) Financial Projections (EUR) for the First 3 Years of operation (with detailed notes explaining each line item). This must include:
 - (i) P&L and Balance Sheet for the First 3 Years (year 1 of the P&L account to be in monthly format);
 - (ii) Audited accounts and latest management accounts, where the applicant firm is currently operating or incurring expenses, if applicable;
 - (iii) Regulatory capital calculations for First 3 Years.
- g) Details of any charges, guarantees, indemnities or other security to third parties. (See Annex E of the Application Form).
- h) Required client asset documentation, where applicable (See Annex F Question F10 of the Application Form).
- i) Arrangements for both the orderly and forced winding down of the firm which ensures the protection of client assets and fair treatment of clients, including the ICAAP for Class 1 minus and Class 2 applicant firms (See Annex F Question F19 of the Application Form).



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