



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Authorisation Guidance Note for MiFID Investment Firms - Preliminary Meeting Pre-Application Presentation

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

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1. Purpose

The purpose of this Guidance Note is to set out the Central Bank's expectations regarding the content of the pre-application presentation to be submitted by an applicant firm in advance of a preliminary meeting with the Central Bank and to assist applicant firms to evaluate their readiness to request such a meeting prior to commencing the authorisation process.

2. Overview of the preliminary meeting

The preliminary meeting is an opportunity for applicant firms to have an early engagement with the Central Bank in advance of commencing the application process. The Central Bank welcomes open, transparent and early engagement with applicant firms and at the preliminary meeting we will outline the process for applying for an authorisation as an Investment Firm. We will also outline our authorisation expectations of firms and their applications and provide an indication of the timelines for the process that can be expected.

The main purpose of the preliminary meeting is for the firm to provide the Central Bank with a high-level overview of its proposals. This Guidance Note outlines the information that we require firms to cover in their pre-application presentation. In summary, applicant firm should provide an overview of the proposed ownership structure, business model, regulatory permissions sought, key products/services, target client type, governance, risk management and resourcing arrangements and where applicable, background/context on the wider group.

It is important that applicant firms are sufficiently prepared and progressed in terms of their proposed business and operating model so that no significant required information is omitted from the presentation.

3. Requirements for the pre-application presentation ("presentation")

Applicant firms should submit the presentation in slide-deck format by no less than 15 working days in advance of the preliminary meeting date. It is advisable that the presentation does not exceed 30 slides.

The presentation should clearly articulate all required information (as set out in section 4 below) and demonstrate in a transparent and realistic manner how the applicant firm's business will operate in the first three years post authorisation. Any firm-specific terminology used in the presentation should be clearly explained. It is in the applicant firms' interest to ensure that the presentation is comprehensive, clear and concise. Poor quality presentations may lead to a conclusion that an applicant firm is not fully ready to proceed to the next stage of the authorisation process. In these circumstances, the applicant firm will be advised by the Central Bank to request another preliminary meeting at a later point when its proposed business and operating model is more clearly defined and settled upon.

Section 4 details the content that should be included in the pre-application presentation. However, if there is any other critical or important information that the Central Bank should be aware of in the context of its consideration of the applicant firm's proposals at this juncture, and which is not captured below, the applicant firm should include such information in its pre-application presentation.

4. Content to be covered in the presentation slide deck¹

A. Introduction to the applicant firm's proposed business model

- A high-level overview of the proposed business model; where an existing Irish authorised investment firm is seeking additional permission(s), an overview of the current business model and the proposed new activities. The firm should also outline its expectations for the future strategy and growth/evolution of the business over time.

B. Rationale for seeking an Investment Firm authorisation in the jurisdiction

- An outline the rationale for seeking an authorisation e.g. establishing a new entity, business expansion, changes in regulatory requirements (etc.) and outline why this jurisdiction has been selected. Please indicate if the firm has any other authorisation applications ongoing with other jurisdictions, if applicable.

C. Regulatory permissions sought & current regulatory status

- Clearly outline the MiFID Services and instruments for which authorisation is being sought, including for MiFID Ancillary Services – please use the format shown respectively in **Appendix I and II**.
- Outline any current regulatory permission(s) of the applicant firm in Ireland or any other jurisdictions, where applicable.
- Outline details of proposed Passporting or Tied Agent arrangements to include proposed jurisdictions, the nature of Passporting (i.e. Freedom of Service/Freedom of Establishment) and proposed services/activities.
- Outline Client Assets arrangements, if applicable. Provide an overview of client asset safekeeping arrangements proposed, considering the [Central Bank's Client Asset Requirements](#) and outline the expected levels of client assets to be held at Day 1 of authorisation and in the first 3 years of operation, i.e. year 0, year 1, year 2, and year 3 ("First 3 Years").
- Outline applicability/non-applicability of MiFIR Transaction Reporting requirements.

D. High-level background information on the Shareholders and the wider Group

- Provide details of the applicant firm's ownership structure and incorporation status.
- Where the applicant firm is part of a wider group, provide a high-level overview of the group to include brief history, core business lines, operating jurisdictions, and where applicable, regulatory authorisations/permissions held. Please include a group Organisation Chart, demonstrating where the applicant firm sits within the wider group and highlighting any other group entities operating in Ireland.

E. Business model information

Proposed Business Lines & Proposed Scale and Location of the Business Operations

- Description of the existing (where applicable) and proposed business lines and services/activities/products that the applicant firm will conduct or offer and key jurisdictions. Outline

¹ Where specific information requested is not applicable to the firm's proposal, this should be explicitly stated in the presentation with a brief explanation rather than being omitted (e.g. if an applicant firm is not seeking permission to hold client assets or if an applicant firm does not propose to outsource any function).

the scale of the business operations using key metrics (e.g. revenue, number of employees, number of clients, level of client assets, Assets under Management/Advisory etc.).

- A summary overview of the operational arrangements, including IT/cybersecurity of the firm to support the proposed business and manage risks.
- Outline the key risks associated with the proposed business model.
- Articulate how the proposed activities fit into the existing business model of the group and the applicant firm, as applicable.

Target Market / Client Base

- Outline the type of clients (retail, professional, eligible counterparties) proposed and the expected number of clients across each type over the First 3 Years of operation. Indicate the top 5 client jurisdictions expected.

F. Financial resilience information

- High-level financial projections for the First 3 Years of operation for the Profit and Loss Statement and Balance Sheet.
- Projected Prudential Capital Requirement and level of regulatory Own Funds for the First 3 Years of operation.
- Indication of the applicant firm's expected MiFID Class.
- Description of the source(s), type and quantum of capital and liquidity funding.

G. Governance arrangements Information

Organisational Structure

- Provide an Organisational Chart for the firm. This should show Full Time Equivalent ("FTE") for all functional areas (business generating, back office, control functions etc.), senior management roles, the Board of Directors and key reporting lines. Key control function areas should be clearly outlined e.g. Compliance, Internal Audit, IT, Finance, Client Assets etc.). Indicate any proposed outsourced or seconded employees/functions clearly.

Corporate Governance

- Details of the proposed composition of the Board of Directors ("the Board") and Board sub-committees and where known, indicate the proposed individuals.
- List of all proposed Pre-Approval Controlled Function ("PCF") roles in the firm, FTE time commitment and where known, indicate proposed individuals.

Staff Resourcing Arrangements²

- Outline the total number of FTE staff (including PCF role holders) that will be engaged in the regulated activities in respect of which the applicant firm is seeking authorisation across business lines.
- Outline the FTE of staff (including PCF role holders) that will be engaged in all activities i.e. specifying both regulated and unregulated activities (if appropriate) across business lines.

² Applicant firms should be mindful of their resourcing arrangements in order to ensure there is a sufficient level of substance at both PCF role holder, senior management and operational level in Ireland to carry out their functions properly (i.e. there must be a substantive presence in Ireland having regard to the nature, scale and complexity of the firm's business and operational model).

- Indicate any part-time employment and locations of both full-time and part-time staff.

Internal Control Functions - Three lines of Defence (“3LOD”)

- A summary overview of the proposed internal control functions and frameworks to include at least the risk, compliance and internal audit functions, and where applicable, client assets.

Outsourcing Arrangements

- A high-level overview of functions, services and activities outsourced/planned to be outsourced, associated FTE and the rationale for outsourcing.
- Indicate critical or important outsourced functions, services and activities and if relevant, any chain outsourcing related to these.
- Indicate important Outsourced Service Providers, whether these are third-party or intragroup arrangements and the locations (including third countries) where the function/service/activity is proposed to be performed.
- A high-level overview of the outsourcing governance and oversight process proposed.

H. Timelines / Readiness

- Indication of the firm’s readiness (“As-Is State” vs “To-Be State”) with high-level timeline and plan of action to the firm’s desired authorisation date.

I. Any other information that the applicant Firm considers pertinent

- Any other information, which is not captured by this document, but is considered by the applicant firm to be critical and/or important to be provided to the Central Bank in the context of its consideration of the firm’s proposals (e.g. any specific risks faced/posed by the applicant firm, any unique aspects of the applicant firm, any significant processes initiated/in progress such as a takeover etc.).

Appendix I - Mapping of the applicants firm's proposal to relevant MiFID Services & Activities

Investment Services & Activities ³ (as applicable)	Description <i>Provide a high-level description of the applicant firm's business activity which will involve the provision of this investment service and indicate the business line(s) responsible for the service</i>	Financial Instruments <i>Where relevant, indicate the MiFID instrument and product types relating to the investment service/activity</i>	Client Category <i>Indicate relevant client category(ies):</i> <ul style="list-style-type: none"> •Retail Clients •Professional Clients •Eligible Counterparties
(1) Reception and transmission of orders in relation to one or more financial instruments			
(2) Execution of orders on behalf of clients			
(3) Dealing on own account			
(4) Portfolio management			
(5) Investment advice			
(6) Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis			
(7) Placing of financial instruments without a firm commitment basis			
(8) Operation of an MTF			
(9) Operation of an OTF			

³ Activities as set out in Part 1 of Schedule 1 of MiFID II Regulations.

Appendix II - Mapping of the applicants firm's proposal to relevant MiFID Ancillary Services

Ancillary Services ⁴ (as applicable)	Description <i>Provide a high-level description of the applicant firm's business activity which will involve the provision of this ancillary service and indicate the business line(s) responsible for the service</i>	Financial Instruments <i>Where relevant, indicate MiFID instrument and product types relating to the ancillary service/activity</i>	Client Category <i>Indicate relevant client category(ies):</i> •Retail Clients •Professional Clients •Eligible Counterparties
<i>(1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level</i>			
<i>(2) Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction</i>			
<i>(3) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings</i>			
<i>(4) Foreign exchange services where these are connected to the provision of investment services</i>			
<i>(5) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments</i>			
<i>(6) Services related to underwriting</i>			
<i>(7) Investment services and activities as well as ancillary services of the type included under Part 1 or Part 2 of Schedule 1 related to the underlying of the derivatives included under points (5), (6), (7) or (10)</i>			

⁴ Activities as set out in Part 2 of Schedule 1 of MiFID II Regulations.

<i>of Part 3 where these are connected to the provision of investment or ancillary services</i>			
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