



Central Securities Depositories – Authorisation Framework

In accordance with [Regulation \(EU\) No 909/2014 \(Central Securities Depository Regulation\)](#) the Central Bank of Ireland has been designated as competent authority under [S.I. No. 481 of 2016 European Union \(Central Securities Depositories\) Regulations 2016](#). This overview sets out the authorisation framework applicable to a CSD. Please note that depending on the nature of the proposed application, the structure of the process may differ in terms of pre-application requirements.

The Central Bank is committed to providing clear, open and transparent authorisation processes while ensuring a rigorous assessment of the applicable regulatory standards. With a view to achieving this, the authority has a two-stage process for authorisation applications. This consists of a pre-application stage (A1 and A2 below) and an application process (B1 below).

In order to progress an application, the following is required:

A1. Submission of Key Facts Document

A Key Facts Document (KFD): The KFD requirements for a CSD are set out below. The purpose of the KFD is to provide the Central Bank with a high-level overview of an applicant's proposed activities, business model, capital and governance structure. This is to understand the firm's proposal and to identify any significant issues which might affect an application from progressing to authorisation in as timely a manner as possible. Following submission, the Central Bank will seek clarifications in relation to the content of the KFD. This could necessitate the amendment and resubmission of the KFD to the Central Bank.

A2. Engagement

Once the KFD is deemed sufficient by the Central Bank, the applicant firm will be invited to a series of meetings with the authority concerning specific aspects of the submission. These meetings will discuss areas that may require further consideration by the applicant prior to the submission of a full application.



B1. Submission of Full Application

A full application for authorisation should then be submitted in accordance with the requirements set out in Regulation (EU) No 909/2014 (Central Securities Depository Regulation).

Key Facts Document – Requirements for Central Securities Depositories

The Key Facts Document (KFD) for a Central Securities Depository, should include the following information:

1. Brief background of the applicant Central Securities Depository (CSD) including information pertaining to the intended legal structure.
2. Information concerning the proposed / estimated timeframe for the establishment of the CSD and the intended submission date of a full application for authorisation in line with the requirements of Regulation (EU) No 909/2014 (Central Securities Depository Regulation).
3. Business Model
 - a. An overview of the business model/strategy of the applicant;
 - b. Mapping of services to be offered as per the Central Securities Depository Regulation, including:
 - i. What securities settlement systems will be operated by the CSD;
 - ii. What are the core functions that the CSD will provide in line with Section A of Annex of the Central Securities Depository Regulation;
 - iii. What ancillary activities will the CSD provide in line with Section B of Annex of the Central Securities Depository Regulation; and
 - iv. What banking-type ancillary services will the CSD provide in line with Section C of Annex of the Central Securities Depository Regulation.
 - c. Details of any additional services to be provided and whether these are regulated or unregulated activities;



- d. Details of an intention to provide services in other jurisdictions;
 - e. Detailed information concerning clients/participants and/or prospective clients/participants for the first 3 years;
 - f. An overview of the forecasted volume of transactions and fee models;
 - g. Information concerning the types of financial instruments (and the currencies) which will be settled (if settling foreign currency transactions, how will these be settled i.e. central bank or commercial bank money);
 - h. Details of any outsourcing arrangements and/or extension of activities, including outsourcing intra-group and to third-party service providers, and how the CSD will retain control of outsourced activities; and
 - i. Information concerning recovery and resolution planning which will be put in place; and
 - j. Details of the securities settlement mechanism (i.e. Delivery Versus Payment (DVP), Free of Payment (FOP)).
4. Linkages
- a. Information concerning links with other CSDs;
 - b. Information concerning linkages with other market infrastructure;
 - c. Overview of linkages with Target 2, including details on how the requirements of the ECB TARGET2 Guideline (ECB/2012/27) are complied with;
 - d. Overview of linkages with TARGET2-Securities (T2S);
 - e. Overview of linkages to Designated Credit Institutions; and
 - f. Overview of linkages with central banking authorities.
5. Applicant's Structure
- a. Shareholders;
 - b. Ownership structure chart;
 - c. Pre Controlled Functions (PCFs) including whether these individuals have previously been approved by the Central Bank;
 - d. Details of employees and staffing numbers;
 - e. Details of planned office(s) locations;
 - f. Staff organisational chart; and



- g. CSD's ownership (direct or indirect) of 20% or more of the voting rights or capital in any other institution.
6. High-Level Capital Projections for the first three years including (i) Capital levels, (ii) Turnover (total income/revenue generated), (iii) Profitability; and (iv) Sources of Regulatory Capital/Funding.

The content of the KFD must clearly address each point above in a precise manner. Other information can be included but this should relate directly to the authorisation process. Failure to provide the KFD in this fashion will result in the document being returned and the pre-application process not progressing.