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Central Bank of Ireland

Eurosystem

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Guidance Note on Completing an Application for Authorisation as a Money Transmission Business

under Part V of the Central Bank Act, 1997 (As Amended)



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1. Introduction

This document should be read before commencing the completion of an Application for Authorisation as a Money Transmission Business.

This document provides guidance to applicants in relation to the requirements of the Central Bank of Ireland (Central Bank) when completing an Application Form for Authorisation as a Money Transmission Business in Ireland. **It does not constitute legal advice nor does it seek to interpret relevant legislation.**

The Central Bank is the body responsible for the authorisation and supervision of a Money Transmission Business pursuant to the Part V of the Central Bank Act, 1997 (as amended) (the Act). The Act provides that Money Transmission Business means ‘a business that comprises or includes providing a money transmission service to members of the public’.

To obtain an authorisation as a Money Transmission Business, an application for authorisation must be submitted to the Central Bank. The application must satisfy the Central Bank that the applicant complies with the appropriate regulatory requirements as set out in the Authorisation Requirements and Standards for Money Transmission Businesses (the Authorisation Requirements and Standards), the legislation relating to Money Transmission Businesses and all other relevant regulatory and legislative requirements.

The Central Bank welcomes applications where the Money Transmission Business can meet the legislative requirements relating to an authorisation as a Money Transmission Business and all other applicable legislative and regulatory requirements.

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

Applicants are also advised to become familiar with the Authorisation Requirements and Standards, the Act and the Application Form for Authorisation as a Money Transmission Business.

The Central Bank offers the facility of an optional pre-application meeting to applicants to answer specific questions about any aspect of the application process and completing the Application Forms. Please note that the Central Bank recommends that applicants who wish to avail of this facility have reviewed the application material in full before requesting such a meeting and have their specific questions prepared in advance in order to make the meeting as productive as possible. Such meetings will typically be no longer than one hour.

Information and relevant application documentation with respect to Money Transmission Businesses is available [here](#)

2. Criteria for Assessing Applicants

Pursuant to Part V of the Central Bank Act, 1997 (as amended) an application shall be in such form provided by or specified by the Central Bank and contain such information, and be accompanied by such documents, as the Central Bank request. Applicants seeking authorisation as a Money Transmission Business must therefore have regard to the provisions of the Act. This guidance note should be read in conjunction with:

- the relevant legislation including the Act;
- the Fitness and Probity Standards (issued under Section 50 of the Central Bank Reform Act 2010);
- the application Form entitled 'Application Form for Authorisation as a Money Transmission Business under Part V of the Central Bank Act, 1997, (as amended)'; and
- The Authorisation Requirements and Standards.

The principal areas assessed by the Central Bank in considering an application for authorisation as a Money Transmission Business include:

- Organisation of the applicant;
- Business Plan;
- Financial Information, Initial Capital and Own Funds;
- Money Transmission services provided;
- Operational procedures and processes;
- Outsourcing arrangements and oversight;
- Governance of the applicant (including consumer protection governance);
- Directors and Managers;
- Shareholders/Members; and
- Regulatory Background.

The requirements in relation to each of these headings are detailed in the aforementioned Application Form.

3. Making an Application

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

- its proposed business model requires authorisation pursuant to Part V of the [Act](#);
- it can comply with the authorisation requirements and;
- it is capable of complying with, and adhering to, the authorisation requirements and standards on-going supervisory requirements that must be satisfied on an on-going basis; and
- **It has read this document, and has taken the information provided therein into consideration when completing the Application for Authorisation as a Money Transmission Business.**

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

The Documentation Required to Make an Application for Authorisation

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

1. An Application for Authorisation as a Money Transmission Business including the specific information/documentation requirements set out therein);
2. A Business Plan;
3. A Programme of Operations;
4. Documentation relevant to the applicant legal structure as applicable e.g. Certificate of Incorporation, M&A, Simplified Constitution Documents (for incorporated applicants), partnership agreement (for partnership applicants) etc.; and
5. Shareholding information (where applicable).

Once an application is submitted the applicant will also need to ensure that all relevant individuals proposed to hold a Pre-Approved Controlled Function (PCF) role (typically board members, senior management, key function holders) and any qualifying shareholders complete **Fitness and Probity Individual Questionnaires** – more information [here](#)¹. Individual Questionnaires must be submitted electronically via the Central Bank's Online Reporting System (ONR) by all relevant individuals, but qualifying shareholders (that are not proposed PCF role holders) are required to submit a [paper version](#)². Please note that access to the online Individual Questionnaire only becomes available after an application has been deemed to contain all the key information needed to progress to the assessment phase of the application process.

¹ <http://www.centralbank.ie/regulation/processes/fandp/serviceproviders/Pages/default.aspx>

² Link to be established with form to be included in the FORMS section

The completed Application Form, along with all relevant accompanying material, should be submitted in both soft and hard copy format to the Central Bank. The paper copy should be sent to: *MT Authorisations Team, Consumer Protection: Policy & Authorisations, Central Bank of Ireland, PO Box 559, Dame Street, Dublin 2.*

The electronic version can be included with the paper copy or be sent to mtauthorisations@centralbank.ie

The Application Form and accompanying material referred to above constitutes the minimum information required when applying for authorisation as a Money Transmission Business. The applicant should expand on the required information, where necessary, according to the specific nature of the proposed business.

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

- documents such as the Application Form, Business Plan, Programme of Operations and Establishment of Branches (if relevant) forms have not been provided;
- documents requested in the Application Form have not been provided, such as:
 - qualifying shareholder documentation; or
 - financial projections;
- responses to questions in the Application Form are substantially deficient, such as:
 - details of organisational structure, governance and key staff and directors;
 - descriptions of the applicant's products and services;
 - notes explaining the content of financial projections;
 - workings and components of initial capital and own funds;
 - details of policies and procedures relating to operational and assurance functions;
 - details relating to outsourcing agreements; or
 - details relating to how outsourcing and branches, where relevant, are overseen.

An applicant should not make an application submission to the Central Bank where it has not determined with reasonable certainty the scope of the activities in which it proposes to engage and its proposed business and operational model. There should be no significant changes made to the applicant's application for authorisation during the course of the application process. Where such significant changes are made, a new application submission will be required.

The Central Bank authorises Money Transmission Businesses on the basis of the information provided in the applicant's application for authorisation. **All applicants granted an authorisation as a Money Transmission Business will be required to operate in accordance with the information provided in their application for authorisation except where this information is altered with the approval of the Central Bank.**

All reasonable steps must be taken by an applicant to ensure that the information provided to the Central Bank in its application for authorisation is accurate and complete.

Applicants should note that subject to section 31(2) (c) of the Act, the Bank may refuse an application for authorisation as a Money Transmission Business where information given

to the Bank by, or on behalf of the applicant in connection with the application is materially false or misleading.

Applicants should also note that under Section 36A(1) (c) of the Act, the Central Bank may revoke an authorisation as a Money Transmission Business, on being satisfied on reasonable grounds that the authorisation was obtained by means of false or misleading representation.

4. Guidance on Completing an Application Form for Authorisation as a Money Transmission Business

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

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

Section 1: Introduction

| Application Form Reference | Guidance for each Relevant Section |
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| 1.1 | No additional notes |

Section 2: Structural Organisation

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| 2.1 | This name must be the applicant’s legal name at the time of the submission of the application. For incorporated applicants the name must correspond to the name on the applicant’s constitutional documentation and the name registered with the Companies Registration Office. For partnership applications it must correspond to the names in the partnership agreement and for sole traders it must correspond to the individual’s name. |
| 2.2 | No additional notes. |

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| 2.3 | A company, individual or partnership carrying on business under a name other than its corporate name (for a sole trader or partnership it's the name of the principal or partners) must register that name with the Companies Registration Office. Further information is available on the CRO website . All registered business name(s) must be disclosed in the application form. |
| 2.4 | This address must mirror the registered address of the applicant lodged with the Companies Registration Office. |
| 2.5 | No Additional notes |
| 2.6 | This must be someone who is familiar with the applicant's business model and its application submission and must be someone senior who works for / will work for the applicant if and when authorised, and not a professional advisor to the applicant. |
| 2.7 | No additional notes. |
| 2.8.1 | No additional notes. |
| 2.8.2 | <p>A certified document is one that is stamped, signed and dated as being a true copy of the original by a party independent of the applicant. An independent party should be a Solicitor, Accountant, Peace Commissioner, Notary or Commissioner for Oaths.</p> <ul style="list-style-type: none"> • The certification stamp must be clearly identifiable on the relevant document; and • The date of certification should be as close to the date of submission of the Application Form as possible. If the documents are amended at any stage during the application process an up to date certification of the documents must be submitted to the Central Bank along with certified copies of any special resolutions amending the documents. |
| 2.8.3 | Where an applicant's corporate capacity is limited by its objects clause, it must confirm that the scope of its objects clause permits it to carry on the proposed money transmission services and any other proposed services. |
| 2.8.4 | <p>Persons that could exercise significant influence over an applicant, other than PCF's, could include (but not be limited to):</p> <ol style="list-style-type: none"> 1. Qualifying shareholders; 2. Shadow directors; 3. Providers of capital; 4. Senior Management; 5. Other financial service providers. <p>Those in a position to exercise a significant influence over the management of the applicant may be acting in concert with other parties in respect of the management of the applicant. Where this arises, details (i.e. identity of those parties and a description of how acting in concert arises) must be disclosed in the application submission.</p> |
| 2.9.1 | No additional notes |
| 2.9.2 | See 2.8.2 above |
| 2.9.3 | See 2.8.4 above |

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| 2.9.4 | No additional notes. |
| 2.10.1 | See 2.8.2 above |
| 2.10.2 | See 2.8.4 above |
| 2.11 | <p>A Money Transmission Business is required to demonstrate that the organisation of its business structure is such that it is capable of being supervised by the Central Bank and that adequate and effective control of the firm rests in the state.</p> <p>Factors to be considered in this regard are;</p> <ul style="list-style-type: none"> (a) where the mind and management of the firm is located; (b) where key decisions regarding the direction of the firm are made; (c) where key functions are undertaken; (d) what reporting lines exist; and (e) where key books and records are kept. |

Section 3: Business Plan

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| 3.0 | A standalone business plan should form part of the application submission. The applicant should ensure that it addresses, at a minimum, the information requested in Appendix 2 to the Application Form, whilst also ensuring that all areas in Section 2 of the Application Form are adequately addressed. |
| 3.1.1 | An applicant's initial capital requirement is €50,000. Applicant should refer to section 2 of the Authorisation Requirements and Standards for more information at the following link . |
| 3.1.2 | If the applicant proposes to use a Capital Contribution Agreement in order to meet its initial capital requirement, it is expected that the Central Bank's standard format will be used. It can be found at the following link . |
| 3.1.3 | <p>The Central Bank cannot authorise an applicant until it has received evidence that the applicant has satisfied its initial capital requirement and that the applicant has demonstrated an ability to comply with capital requirements on an on-going basis.</p> <p>Evidence of how the initial capital requirement is met must be submitted to the Central Bank, e.g. evidence of funds being lodged³, a certified copy of the share register (the name of the applicant must be clearly identifiable on the share register), etc.</p> <p>The most recent audited financial statements alone will not suffice in the event of any additional injection of capital having been made since the financial year-end to satisfy the initial capital requirement. Documentation evidencing the</p> |

³ For example, by means of an auditor's confirmation, bank statements, etc.

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| | injection of capital must also be submitted to the Central Bank. |
| 3.1.4 | No additional notes. |
| 3.2.1 | Further guidance in relation to how the own funds requirement is calculated can be found in section 2.2 of the Central Bank’s Authorisation Standards and Requirements located here |
| 3.2.2 | See 3.1.2 above. If the applicant proposes to use a subordinated loan agreement towards meeting its own funds requirement, it is expected that the Central Bank’s standard format will be used. It can be found at the following link . |
| 3.2.3 | See section 3.1.3 above. |
| 3.2.4 | No additional notes. |
| 3.3.1 | <p>The financial projections in respect of the applicant for the first three years must be sufficiently detailed to demonstrate compliance with the initial capital requirement and the ability to meet capital requirements on an on-going basis.</p> <p>The financial projections must be submitted in the following format:</p> <ul style="list-style-type: none"> a) A projected balance sheet as at authorisation date is required in order to confirm that the applicant will be in a position to meet is regulatory capital requirements as at authorisation date. This balance sheet should also identify the applicant’s set up costs and how they have been paid for. b) The projected period must commence at Day 1 of the proposed authorisation period and each period must be titled Year 1, Year 2 and Year 3. c) The Profit and Loss Account must be in the following format: Income Less Expenses = Gross Profit Less Taxation = Net Profit Less Dividends (if any) = Retained Profit. d) Only Year 1 of the Profit and Loss Account must be broken down into monthly periods. Year 2 and Year 3 need not be broken down into monthly periods and therefore yearly totals should be provided for each. e) The Income section of the Profit and Loss Account must be broken down into separate line items that distinguish between the different services carried out and other regulated / non-regulated activities carried out. Each line item must account for the income projected for each activity as highlighted in Section 3.4 of the Application Form. f) The applicant must provide workings / detailed calculations for each month / year in order for the Central Bank to reconcile the projected income to be derived from that line of activity against the applicant’s assumptions for that activity, e.g. it could be based upon x number of clients/transactions/transaction value with the applicant earning e.g., a certain amount per transaction or certain percentage of transaction volume. |

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| | <p>g) The Expenses section of the Profit and Loss Account must break down each individual expense item to the extent that distinguishes between the different categories of expenses. For example, categories of expense will include salaries, rent, utilities, subscriptions etc. and therefore need not be broken down any further.</p> <p>h) The Retained Profit/Loss must also incorporate the latest financial position of the applicant, i.e. where an applicant is currently trading it must carry forward its latest (available) retained profit/loss.</p> <p>i) The Balance Sheet must be in the following format: Fixed Assets + Current Assets Less Current Liabilities = Net Assets = Shareholders Funds.</p> <p>j) It is critical that the applicant ensures that the Retained Profit / Loss figure in the Balance Sheet reconciles with the Profit and Loss Account while ensuring in cases where an applicant is currently trading, its retained profit / loss figures to date (based on audited accounts and/or latest management accounts) are accurately being carried forward into the projections.</p> <p>k) The applicant must provide a note describing all line items accounted for in the Profit and Loss Account and Balance Sheet. The description can be appropriately brief as long as it is sufficiently clear what the entry is providing for. Furthermore, where an amount in a line item is fluctuating by greater than 10% per year [or month in the case of Year 1 of the Profit and Loss Account (only)] an explanation must be provided in the note to explain the rationale behind the movement.</p> |
| 3.3.2 | Applicants are required to demonstrate to the Central Bank how they will be in a position to manage the risk that they might not be in a position to operate within the bandwidth of its financial projections. For example: Is the applicant reliant on particular client(s)? Is there a risk that the applicant’s business might not grow as quickly as projected and that profitability will be impacted? Would any event impact upon the applicant’s viability or ability to meet its regulatory capital requirements (either long or short term)? |
| 3.4.1 | No additional notes. |
| 3.4.2 | The review referred to under 3.4.2 (e) relates to any review carried out by either the firm or any third party. |
| 3.4.3 | No additional notes |
| 3.5.1 | The applicant should ensure that the information provided in relation to income is consistent with that provided in its financial projections. |
| 3.6.1 | No additional notes. |
| 3.6.2 | No additional notes. |
| 3.6.3 | No additional notes. |
| 3.6.4 | No additional notes. |

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| 3.7 | No additional notes. |
| 3.8 | No additional notes |
| 3.9 | No additional notes. |
| 3.10.1 | For sole trader applicants, details must be provided as to how personal financial records and accounts will be separated from regulated and other business activities. |

Section 4: Programme of Operations

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| 4.1 | A standalone Programme of Operations document should form part of the applicant’s application submission. The applicant should ensure that it addresses, at a minimum, the information requested in Appendix 2 to the Application Form, whilst also ensuring that all areas in Section 4 of the Application Form are adequately addressed. |
| 4.2 | <p>The applicant should provide the Central Bank with sufficiently clear information to enable it to understand the rationale for each of the services in respect of which authorisation is being sought. In this regard, the applicant is required to submit clear transaction flow diagrams which will enable the Central Bank to gain a complete understanding of each proposed service. The transaction flow diagram should include the following:</p> <ol style="list-style-type: none"> 1. How the client places/withdraws funds with the applicant; 2. The flow of funds and information between stakeholders. The diagram should clearly differentiate between funds flows and information flows. The applicant should also ensure that all funds and information flows are identified throughout a transaction from the initiation of a transaction to the receipt of funds by a payee and the settlement of any other obligations relevant to the transaction; 3. The timing and dependencies between these flows. It should be clear when each of the steps occurs relevant to other steps and it should be clearly set out if a step is dependent upon another step occurring; 4. The actions of branches in transactions; 5. The stakeholders involved, including in particular the identification of any outsourced service providers acting on the applicant’s behalf, and the steps which involve the outsourced provision of services; 6. The entity type and locations of stakeholders; 7. The bank accounts used and the ownership of these accounts; and 8. The medium of information transfer such as the IT systems involved. <p>A clear narrative should be provided outlining what is taking place at each step in the transaction flow diagram to assist in explaining each of the steps involved.</p> |
| 4.3.1 | This section requires applicants to provide details relating to their interaction with payment systems. |
| 4.3.2 | No additional notes |

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| 4.4 | No additional notes |
| 4.5 | This section should only be completed in circumstances where an applicant proposes to establish a branch within its first 12-18 months in operation as a Money Transmission Business |
| 4.6. | <p>The applicant must provide an organisation chart outlining its full ownership structure (i.e. include all direct and indirect qualifying shareholders).</p> <p>Where the applicant is part of a group, the chart must include all entities (including their branches) in the group and the nationality/country of incorporation of the natural person/legal person as the case may be.</p> <p>In the case of a legal entity, the country where the entity's head office/principal place of business is located and the main activities of each entity in the group should also be provided.</p> <p>The chart must disclose the percentage ownership held by the respective party in each group entity with all qualifying shareholders identified.</p> <p>The chart should disclose whether each natural/legal person is regulated / non-regulated.</p> <p>Where a natural/legal person falls to be regulated the applicant should also disclose the identity of the relevant regulatory body.</p> <p>The standing board agenda should include at a minimum the following:</p> <ol style="list-style-type: none"> 1. Business Development; 2. Finance; 3. Compliance; 4. Internal Audit (where applicable); and 5. Risk <p>Sole traders must provide details on governance tasks within the applicant e.g. who will make key decisions regarding the applicant and how responsibilities will be allocated etc.</p> |
| 4.7.1 | The applicant's organisation chart should capture all staff (to be) employed at commencement of authorisation. |
| 4.7.2 | <p>The information provided in relation to proposed staffing levels should be consistent with the detailed organisation chart provided.</p> <p>The applicant should highlight where it is proposed that an individual will be responsible for more than one function within the applicant (e.g. carries out both the Risk and Compliance functions).</p> <p>Job descriptions should clearly outline the day-to-day role and responsibilities of each of the applicant's employees. Where it is proposed that an individual will be responsible for more than one function, the applicant is required to demonstrate how:</p> <ol style="list-style-type: none"> a) The individual will have sufficient time and resources to fulfil the roles; and b) There is no segregation of duties issues between those roles. |

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| | Where an applicant has multiple employees in a team/function performing similar roles, a description as to the responsibilities of the function will suffice. |
| 4.7.3 | No additional notes. |
| 4.7.4 | Any activities completed by staff which are not directly related to the applicant's business would include any responsibilities they are proposed to have at a group level. |
| 4.7.5 | No additional notes. |
| 4.8 | <p>The Central Bank considers outsourcing to be an arrangement of any form between an applicant and a service provider by which that service provider performs a process, a service or an activity on behalf of the applicant which could otherwise be considered would be undertaken by the applicant itself.</p> <p>Where an applicant engages in outsourcing, that outsourcing should not detract from the applicant being in a position to demonstrate that its 'heart and mind' is located in the applicant and that the applicant is not delegating responsibility for the operation or management of key functions to a third party.</p> <p>The Central Bank considers important operational functions to include Money Transmission Business Operations, I.T., Finance, Internal Audit, Risk Management and Compliance.</p> <p>Where outsourcing of an important operational function is proposed, the Central Bank requires that this outsourcing does not:</p> <ol style="list-style-type: none"> 1. result in the delegation by senior management of its responsibility in respect of that function; 2. undermine the conditions with which the Money Transmission Business is to comply in order to be authorised and remain so in accordance with the Act; 3. remove or modify any other condition of the Money Transmission Business authorisation; 4. materially impair the quality of the Money Transmission Business's internal controls; or 5. materially impair the ability of the Central Bank to monitor the Money Transmission Business's compliance with its obligations under the Regulations. <p>An operational function is considered important if a defect or failure in its performance would materially impair—</p> <ol style="list-style-type: none"> a) the continuing compliance of a Money Transmission Business concerned with the requirements of its authorisation or its other obligations under the Act; b) its financial performance; or c) the soundness or continuity of its money transmission services. <p>While the Central Bank does not require the applicant to submit copies of Service Level Agreements with outsourced service providers as part of the</p> |

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| | <p>application submission, this documentation must be made available to the Central Bank upon request if and when the applicant is authorised.</p> |
| 4.9 | <p>No additional notes</p> |
| 4.10 | <p>Section 4.10 should only be answered if the applicant is proposing to establish a branch at authorisation or within 12-18 months post authorisation.</p> <p>Where applicable, the applicant should include in its Programme of Operations details of the role and responsibilities of the branch and how these are linked to the operations carried out in the head office/principal business address of the applicant. This section of the Programme of Operations must also set out the category and profile of clients the branch will be servicing as well as how such clients will be sourced and the services to be provided.</p> <p>Where the applicant proposes to establish a branch, the group and staff organisational charts provided must incorporate the branch and the branch staff in the charts along with the reporting lines of the branch staff (ensure that the staff organisational chart makes the distinction of where all the applicant’s staff are employed, i.e. the principal office or the branch). The applicant must also describe how it’s Managing Director / Chief Executive maintains oversight of the branch and how the Head of the Branch oversees the operations of the branch.</p> <p>The financial projections of the applicant must also incorporate the running of the branch as well as its costs of establishment.</p> |
| 4.11 | <p>Applicants are advised to review section 3 of the Authorisation Requirements and Standards here for further guidance regarding the Central Bank’s criteria for safeguarding arrangements.</p> <p>When answering each of the questions in section 4.11 of the Application Form, applicants are required to demonstrate to the Central Bank how their safeguarding arrangements will operate in practice as opposed to providing a description of the applicant’s obligations in relation to safeguarding.</p> |
| 4.12 | <p>Applicants are required to demonstrate to the Central Bank that they have robust policies and procedures in place to ensure compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended by Part 2 of the Criminal Justice Act 2013 (CJA). Applicants must also be in a position to demonstrate compliance with these documented procedures during any follow up visit/inspection or questioning by the Central Bank.</p> <p>An applicant should also be aware of the publication on the Department of Finance website of Financial Services Industry Guidelines (“the Guidelines”) which were prepared by a committee representing various sectors of the financial services industry. It should be noted however that whilst the Central Bank will have regard to these Guidelines in assessing compliance by designated persons with the CJA, the Guidelines do not constitute secondary legislation and designated persons must always refer directly to the CJA when</p> |

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| | <p>ascertaining their statutory obligations. The Guidelines are subordinate to the CJA.</p> <p>Money Transmission Businesses must ensure that they are in a position to demonstrate to the Central Bank that they will meet the requirements as specified in the CJA on an on-going basis.</p> <p>The following are the key requirements that have to be met on an on-going basis, where relevant, in relation to Anti-Money Laundering and Counter Terrorist Financing. It should be noted that this does not constitute a complete list of the requirements to be met in relation to Anti-Money Laundering and Counter Terrorist Financing.</p> <p><i>1. Policies and Procedures</i></p> <p>The applicant should provide documentation which identifies how it proposes to comply with each of the key requirements with regard to the CJA and Regulation (EC) No 1781/2006. The applicant should adopt policies and procedures to prevent money laundering and terrorist financing that should address sections 2-7 below, and include the following:</p> <ul style="list-style-type: none">a) How the applicant proposes to prevent and detect the commission of money laundering or terrorist financing;b) The applicant's processes for the assessment and management of risks related to money laundering or terrorist financing;c) The internal controls related to the reporting of suspicious and relevant transactions, and the prevention of transactions that facilitate anonymity; andd) The monitoring and management of compliance with, and the internal communication of, policies and procedures, including the specific individuals responsible for the management of each specific area. <p><i>2. Customer Due Diligence</i></p> <p>The applicant should clearly identify how it will complete due diligence of customers and beneficial owners, including:</p> <ul style="list-style-type: none">a) What documentation is acceptable to the applicant and how the applicant will determine the veracity of documents and information submitted to verify the identity of customers or beneficial owners;b) When the applicant considers a business relationship to have begun and what information the applicant obtains in order to ascertain the purpose and nature of the business relationship;c) How the applicant identifies occasional transactions;d) The grounds, on the basis of the applicable risk characteristics (e.g. customer, product, amount and source of funds), the applicant considers as reasonable to believe that there is a real risk of money laundering or terrorist financing, and the due diligence completed in identified scenarios;e) The circumstances in which the applicant will conduct enhanced due diligence and the specific additional due diligence measures that are undertaken when the applicant conducts enhanced due diligence. The applicant should also address whether it proposes to accept non face to face customers and how the applicant identifies politically exposed |
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| | <p>persons;</p> <p>f) The practice for receiving the appropriate approval with regard to politically exposed persons and the scrutiny of source of funds and wealth; and</p> <p>g) The method and documentation used to evidence the application of simplified due diligence.</p> <p>3. <u>On-going Monitoring</u> The applicant should clearly identify:</p> <p>a) How it will monitor dealings with a customer with whom it has a business relationship;</p> <p>b) What criteria the applicant will use to determine when to scrutinise transactions and the source of funds and wealth of a customer;</p> <p>c) How it will, in practice (e.g. systems, schedules and assessment criteria), assess these transactions with the applicant’s knowledge of the customer and the customers’ business and pattern of transactions;</p> <p>d) How it will identify and scrutinise what it considers complex or large transactions, unusual patterns of transactions that have no apparent economic or visible lawful purpose and any other activity that the applicant has reasonable grounds to consider may be money laundering or terrorist financing; and</p> <p>e) The measures proposed to be taken to prevent the use, for money laundering or terrorist financing, of transactions or products that could favour or facilitate anonymity.</p> <p>4. <u>Reliance on a Relevant Third Party</u> Where the applicant intends to rely on a relevant third party to complete customer due diligence it should:</p> <p>a) Describe how the relevant third party meets the definition of a third party upon which reliance can be taken;</p> <p>b) Provide evidence of the arrangement in place regarding the proposed reliance;</p> <p>c) Describe the applicant’s arrangement, including the mechanisms for the relevant third party to forward, as soon as practicable after a request from the applicant, any documents obtained by the relevant third party relating to the reliance placed on it; and</p> <p>d) Include detail of the oversight of this reliance and the individual responsible within the applicant.</p> <p>It should be noted that the applicant can only rely on a relevant third party for customer due diligence. The applicant cannot rely on a relevant third party to fulfil any of the applicant’s on-going monitoring requirements.</p> <p>5. <u>Suspicious Transactions Reporting/Tipping Off</u> The applicant should have documented procedures for the internal and external reporting of suspicious transactions which clearly describe the following:</p> <p>a) What transaction characteristics the applicant considers to be suspicious or connected with a place designated under section 32 of the CJA ;</p> |
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| | <p>b) The applicant’s designated Money Laundering Reporting Officer;</p> <p>c) The process for acquiring knowledge or forming a suspicion, or acquiring reasonable grounds to suspect, that a customer or beneficial owner has been or is engaged in money laundering or terrorist financing and the practices to scrutinise the information in the course of reasonable business practice in advance of acquiring reasonable grounds to know or suspect that another person is engaged in money laundering or terrorist financing, including the internal decision-making process for making reports; and</p> <p>d) The controls the applicant proposes to implement to prevent tipping off.</p> <p>6. <u>Record Keeping</u> The applicant should outline:</p> <p>a) How and where it will maintain relevant documentation relating to customer due diligence and the history of services and transactions carried out in relation to each customer in the State for a period of not less than 5 years.</p> <p>7. <u>Training</u> The applicant should outline:</p> <p>a) The proposed training plans, including the proposed content and relevance to particular staff, for all staff types and directors, demonstrating the appropriate instruction on the law relating to money laundering and terrorist financing; and</p> <p>b) How training is provided on an on-going basis to identify transactions or other activity that may be related to money laundering or terrorist financing and how to proceed once such a transaction or activity is identified.</p> |
| <p>4.13</p> | <p>When describing the functionality of an applicant’s key I.T. systems, the applicant should also provide screen shots/sample reports in its application submission in order to assist the Central Bank’s understanding in this regard.</p> <p>If the applicant has outsourced its I.T. software development/maintenance/hosting, it is required to provide any information requested in 4.8 of the Application Form in respect of the outsourced activity.</p> <p>While the Central Bank does not require the applicant to submit its actual policies and procedures to comply with the Guidelines on the Security of Internet Payments as part of the application submission, this documentation must be made available to the Central Bank upon request if and when the applicant is authorised.</p> |
| <p>4.14</p> | <p>The applicant should have appropriate independent resources in place to implement and manage a compliance programme to ensure it is compliant with all relevant legislative and regulatory obligations.</p> <p>The applicant must demonstrate that it is aware of the compliance universe that applies to its business. The applicant should demonstrate that it is aware of and understands all applicable legislative and regulatory requirements that it is subject to and with which it must comply.</p> |

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| | <p>While the Central Bank does not require the applicant to submit its actual Compliance Manual or related policies and procedures documents as part of the application submission, this documentation must be made available to the Central Bank upon request if and when the applicant is authorised.</p> |
| 4.15 | <p>The Central Bank requires authorised Money Transmission Businesses to actively manage/monitor the risks to which they are exposed. This is typically done by way of a risk management process and periodic consideration of a risk register.</p> <p>While the Central Bank does not require the applicant to submit its actual Risk Management Manual or related policies and procedures documents as part of the application submission, this documentation must be made available to the Central Bank upon request if and when the applicant is authorised.</p> |
| 4.16 | <p>The applicant is required to set out the following in respect of its internal audit function:</p> <ul style="list-style-type: none"> • Demonstrate how the audit function is independent from the operational activities of the applicant; and • Provide an overview of the internal audit team and its experience. <p>The overview of the applicant’s internal audit plan should demonstrate to the Central Bank that:</p> <ul style="list-style-type: none"> • It is being set on a risk based approach; • It should provide an overview of the plan’s scope, objective and activities to be undertaken; and • It should outline the resources that are required to implement the internal audit plan and the reporting lines up to and including the Board level of the internal audit function. <p>If the applicant has outsourced its internal audit function, it is required to provide any information requested under 4.8 of the Application Form in respect of the outsourced activity.</p> |
| 4.17 | No additional notes |
| 4.18 | <p>Where the applicant is part of a group, please ensure that the business continuity plans are specific to the applicant and not group entities.</p> <p>The applicant’s proposed back up disaster recovery area should not be a private residence. The Central Bank should have unrestricted access to the disaster recovery area if required.</p> |

Section 5: Directors and Managers

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| 5.1 | <p>Fitness & Probity Requirements</p> <p>Applicants are responsible for ensuring that staff performing pre-approval controlled functions/controlled functions meet the Fitness and Probity Standards (the Standards) both on appointment to such functions and on an on-going basis. These Standards can be found at the attached address:</p> |
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| | <p>http://www.centralbank.ie/regulation/processes/fandp/Pages/IntroductiontoFitnessandProbity.aspx</p> <p>Specifically, a Money Transmission Business must not permit a person to perform a pre-approval controlled function or controlled function unless it is satisfied on reasonable grounds that the person complies with the Standards and has obtained confirmation that the person has agreed to abide by the Standards. The Central Bank shall not grant an authorisation to an applicant to operate as a Money Transmission Business unless the applicant satisfies the Central Bank as to the fitness and probity of each person proposed to hold a pre-approval controlled function (i.e., its directors and relevant senior management) in the applicant.</p> <p>Applicants should be aware that the Central Bank might request an interview with a proposed PCF holder to discuss the applicant’s proposed services further and to ascertain whether he/she fully understands the applicant’s regulatory obligations.</p> <p>Applicants are required to complete an online Individual Questionnaire (IQ) in respect of each relevant individual. IQs must be endorsed by the applicant and submitted for approval to the Central Bank. The applicant will be required to identify a System Administrator within the applicant who shall then be provided with logon details to the Central Bank’s Online Reporting System (ONR) and the required access to set up relevant staff on the system to complete the necessary IQs.</p> <p>Whilst it is the applicant that is provided with access to the online portal in which IQs are to be completed, it is required that each proposed pre-approval controlled function holder will complete their own IQ under the access permissions granted by the applicant. Persons completing an IQ should be open and honest and provide all the information requested in the IQ. Such persons should also provide any information subsequently requested by the Central Bank in respect of their IQ in a timely manner.</p> <p>The Central Bank will provide the applicant with logon details to the ONR to facilitate the submission of IQs when it has completed a key information check of the application submission and determined that all the required information has been submitted by the applicant.</p> <p>It should also be noted that the Central Bank’s Regulatory Transactions Division (RTD) is responsible for reviewing/processing IQs that are submitted. This review takes place in tandem with the review of the application for authorisation which is undertaken by the Consumer Protection Directorate.</p> <p>Applicants should be aware that the Central Bank might request an interview with a proposed PCF holder to discuss the applicant’s services further to ascertain whether he/she fully understands the applicant’s regulatory obligations.</p> |
| 5.2 | Applicants seeking authorisation as a Money Transmission Business are expected to have a balance of executive and non-executive directors on their boards. |

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| | <p>For all applicants, the Central Bank requires that at least one independent Non-Executive Director is on the Board of Directors. The Central Bank reserves the right to require greater independent non-executive representation on the Board of Directors depending on the nature, scale and complexity of the applicant's proposed activities.</p> <p><u>Independent Directors (criteria)</u></p> <p>The following criteria must be considered and given reasonable weight in order to assess whether a director is independent:</p> <ul style="list-style-type: none"> (a) Any financial or other obligation the individual may have to the applicant or its directors; (b) Whether the individual is or has been employed by the applicant or a group company in the past and the post(s) so held; (c) Whether the individual is or has been a provider of professional services to the applicant in the recent past; (d) Whether the individual represents a significant shareholder in the applicant; (e) Circumstances where the individual has acted as an independent non-executive director of the applicant for extended periods; (f) Any additional remuneration received in addition to the director's fee, related directorships or shareholdings in the applicant; and (g) Any close business or personal relationship with any of the applicant's directors or senior employees. <p>The standing board agenda should include at a minimum the following:</p> <ul style="list-style-type: none"> 6. Business Development 7. Finance; 8. Compliance; 9. Internal Audit; and 10. Risk <p>Where the applicant has a committee / sub-committee in place, the objective of and the modus operandi of the committee must be disclosed in the Business Plan, e.g. the purpose of having the committee in place and whether decisions are to be unanimously, majority reached etc. Disclose the composition/membership of the committee and frequency of meetings. The reporting lines of the Board committee(s) should also be outlined.</p> |
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Section 6: Shareholders/Members and Qualifying Shareholders

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| 6. | <p>Applicants must 'look through' the proposed direct shareholder in the applicant and each subsequent indirect shareholder to identify both the intermediate and ultimate legal and beneficial shareholders including those who are in a position to control or influence the applicant.</p> <p>All of the information as set out in Appendix 1 of the Application Form is required to be submitted to the Central Bank in respect of each of the applicant's direct and indirect qualifying shareholders.</p> |
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| | Proposed complex structures will only be approved where the Central Bank is satisfied that the ultimate registered/beneficial shareholders have been identified and that the structure does not prevent the effective supervision of the applicant. |
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Section 7: Other

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| 7. | No further notes. |
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Section 8: Regulatory Background

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| 8. | The applicant must state, to the best of its knowledge, whether it has ever been subject to those actions/circumstances listed. In any case where the answer is 'yes', full details must be given on a separate sheet with reference to the appropriate question and this sheet must be submitted with the application. |
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Section 9: Declaration

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| 9. | All applicants are required to complete the declaration. For incorporated applicants at least two directors must sign the declaration to the Application Form. In the case of a partnership application a minimum of two partners must sign this declaration, whilst in the case of a sole trader application, a single signature is required. Please note that only original signatures will suffice. |
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5. Application Processing

The completed Application Form, along with all relevant accompanying material, should be submitted in both soft and hard copy format to the Central Bank. The paper copy should be sent to *MT Authorisations Team, Consumer Protection: Policy & Authorisations, Central Bank of Ireland, PO Box 559, Dame Street, Dublin 2.*

The electronic version can be included with the paper copy or be sent to MTauthorisations@centralbank.ie.

The key stages of the application process are as follows:

Stage 1 - Acknowledgement

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

Stage 2 - Key Information Check

The Central Bank will then check that the application material submitted contains all the key information and documentation required to proceed to the assessment phase. Within **10 working days** of acknowledgement of receipt of the application, the Central Bank will either:

- I. Advise the applicant that the application contains sufficient material to proceed to the assessment phase. Further information is likely to be required as part of the assessment phase and may be required thereafter before a decision will be made in respect of the application; or
- II. Advise the applicant that the application does not contain sufficient material to proceed to the assessment phase and so is not being progressed to that stage. A statement of the omitted information is also provided to assist the applicant should it wish to submit another application in the future. Any subsequent application will be considered a new application and the authorisation process commences again.

Stage 3 - Assessment Phase

Where sufficient information has been received, as outlined in Stage 2(I) above, the Central Bank will then proceed to the assessment phase of the application process. In the assessment phase, the application material submitted will be reviewed against the relevant authorisation requirements to enable the Central Bank to issue a Notification of Assessment letter as referred to in Stage 4 below. The Central Bank will issue initial comments to the applicant based on its review of the application material submitted and any subsequent comments based on its review of responses submitted by the applicant. The Central Bank has published service standards in respect of the processing of applications for authorisation and in the context of meeting those standards the service standard timeframe to which the Central Bank has committed for the assessment phase of the application process is **90 working days**. However, it should be noted that in the event of further and/or subsequent information being sought, this 90 day 'clock' is paused until such information is received by the Central Bank from the applicant.

In the event of the applicant failing to respond to a request from the Central Bank for further and/or subsequent information, after **60 working days** the application will not be considered further by the Central Bank. Similarly, where the applicant's response to the Central Bank's request for further and/or subsequent information is incomplete or inadequate such that the application cannot be progressed further, the application will be deemed dormant and withdrawn. In either case, the application will not be considered further by the Central Bank. The applicant may re-submit an application if it wishes (including a full response to the request for further and/or subsequent information) and any such re-submission will be considered a new application and the application process commences again, from the beginning.

Stage 4 – Notification of Assessment

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

- a) Where the assessment is favourable, the Central Bank will notify the applicant by letter that it proposes to authorise the applicant on the basis of the information provided in its application submission, provided any specific final steps are taken and/or specific final items of information and evidence are received. This letter will also specify any specific conditions the Central Bank proposes to impose on the authorisation itself once granted. This letter will explain the reason for these proposed conditions and the applicant will be afforded the opportunity to make representations in respect of the proposed conditions before the Central Bank makes any decision on the application.
- b) In the event that the Central Bank is not satisfied on foot of the Assessment Phase such that it can issue a Notification of Assessment letter under (a) above, the Central Bank will advise the applicant of this by letter. This letter will set out the areas to be addressed and afford the applicant the opportunity to do so and to make any submissions it wishes to the Central Bank in respect of these matters.

Stage 5 – Notification of Decision in Respect of the Application

Once the Central Bank has assessed any further information/evidence/representations submitted by the applicant following on from Stage 4 above, the Central Bank will notify the applicant, via letter, of its decision on the application as follows:

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

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

6. Post Authorisation

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

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

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

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

T +353 1 224 4480 www.centralbank.ie MTauthorisations@centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem