

**Notification Form for Payment Institutions and Electronic Money Institutions seeking to outsource critical or important functions**

**or**

**seeking to make material changes to critical or important outsourced functions**

**Under the EBA Guidelines on outsourcing arrangements**

**February 2020**

**IMPORTANT INFORMATION TO BE READ BEFORE COMPLETING THIS NOTIFICATION FORM**

**Terms used in this Notification Form:**

**Applicant** – the payment institution or electronic money institution submitting this Notification Form to the Central Bank advising of material changes to their outsourcing arrangements. Notifications of severe events regarding outsourcing arrangements should be made directly to the institution’s supervision team. The notification should include details of the event, its current status and actions taken to mitigate the event. The notification should be submitted in as timely a manner as possible.

**Central Bank** – Central Bank of Ireland.

**Critical or important function** - means any function that is considered critical or important as set out in Section 4 of these guidelines.

**EBA Guidelines** – European Banking Authority Guidelines on outsourcing arrangements.

**Function** - means any processes, services or activities.

**Management body** - means a payment institution’s or electronic money institution’s body or bodies, which are appointed in accordance with national law, which are empowered to set the payment institution’s or electronic money institution’s strategy, objectives and overall direction, and which oversee and monitor management decision-making and include the persons who effectively direct the business of the payment institution or electronic money institution and the directors and persons responsible for the management of the payment institution.

**Outsource** - means an arrangement of any form between an institution, a payment institution or an electronic money institution and a service provider by which that service provider performs a process, a service or an activity that would otherwise be undertaken by the institution, the payment institution or the electronic money institution itself. An authorised entity’s use of a third party (the “outsourcing service provider”) to perform activities that would normally be undertaken by the authorised entity, now or in the future. The supplier may itself be an authorised or unauthorised entity.

**Outsourcing Service provider** - means a third-party entity that is undertaking an outsourced process, service or activity, or parts thereof, under an outsourcing arrangement. The supplier of goods, services or facilities, which may or may not be an authorised entity, and which may be an affiliated entity within a corporate group or an entity that is external to the group.

**Sub-outsourcing -** means a situation where the service provider under an outsourcing arrangement further transfers an outsourced function to another service provider.

**BACKGROUND INFORMATION**

This Notification Form applies to payment institutions and e-money Institutions seeking to outsource critical or important functions or seeking to make material changes to critical or important outsourced functions.

The EBA Guidelines on outsourcing arrangements set out the requirement for a firm to inform competent authorities in a timely manner of material changes regarding their outsourcing arrangements.

The EBA Guidelines on Outsourcing define outsourcing as *‘an arrangement of any form between an institution, a payment institution or an electronic money institution and a service provider by which that service provider performs a process, a service or an activity that would otherwise be undertaken by the institution, the payment institution or the electronic money institution itself.*

*Outsourcing may serve the purpose of achieving greater efficiency of operations and concentrating on the supervised institution’s principal operations and/or competence. However, outsourcing does not reduce the fundamental risks associated with the activity outsourced. Risks such as damaged reputation, non-compliance with legal or operational requirements, financial loss and disclosure of confidential data remain. An institution must not seek to circumvent from prudential or other requirements by using a service provider.’*

**This Notification Form is to be used by an applicant seeking to outsource critical or important functions or seeking to make material changes to critical or important outsourced functions.**

**NOTES ON COMPLETION**

1. **Please consider all relevant legislation / regulations prior to submitting the notification form, including:**
2. The European Union (Payment Services) Regulations 2018;
3. The European Communities (Electronic Money) Regulations 2011 (as amended);
4. Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015, on Payment Services in the Internal Market and
5. The EBA Guidelines on outsourcing arrangements.
6. **Applicants must complete the application form in typed format and submit by email to the Central Bank in a timely manner before any proposed changes to outsourcing arrangements. The completed form and relevant documents should be sent by email to** [paymentservicessupervision@centralbank.ie](mailto:paymentservicessupervision@centralbank.ie)**. The use of unsecured email is not recommended for sensitive or confidential material.**
7. The applicant must answer all questions asked and provide all information or documentation requested before the notification can be considered. In the event that a question does not apply, please write ‘**not applicable’** or ‘**none’** as appropriate and provide an explanation as to why this is considered to be the case. Do not leave any blank spaces. **Incomplete notifications will be returned to the applicant who will be advised that the notification does not contain sufficient material to be considered.**
8. Where an applicant is required to provide ‘confirmation’, a tick (‘✓’) placed in the relevant box will be taken as a confirmation.
9. If insufficient space has been provided for a reply or if the answer is requested on a separate sheet, please provide that information on a separate sheet and refer to it in the space provided for the answer. Please ensure that any sheets are clearly marked with the name of the applicant and referenced to the appropriate question. The level of detail should be proportionate to the applicant’s size and internal organisation, and to the nature, scope, complexity and riskiness of the particular service(s) the applicant intends to provide.
10. Any questions that have a ‘**YES’** and a ‘**NO’** box should be completed by the applicant accordingly.
11. Further information or clarification may be requested from the applicant (having regard to the replies furnished with its notification) for the purpose of considering a notification.
12. The Central Bank may process personal data provided by you in order to fulfil its statutory functions or to facilitate its business operations. Any personal data will be processed in accordance with the requirements of data protection legislation. Any queries concerning the processing of personal data by the Central Bank may be directed to [dataprotection@centralbank.ie](mailto:dataprotection@centralbank.ie). A copy of the Central Bank’s Data Protection Notice is available at [www.centralbank.ie/fns/privacy-statement](http://www.centralbank.ie/fns/privacy-statement).

**TABLE 1**

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|  | **Information to be provided by Applicant** | **Response Provided by Applicant** |
| A) | Name of applicant |  |
| B) | Central Bank of Ireland reference No. |  |
| C) | Date of Receipt by the Central Bank of Ireland |  |
| D) | Contact person within the applicant |  |
| E) | Email address of the above contact person |  |
| F) | Telephone number of the above contact person |  |
| G) | Name and address of the outsourcing service provider(s)[[1]](#footnote-1) |  |
| H) | Where applicable, the national competent authority of the outsourcing service provider(s) |  |
| I) | Where applicable, the unique identification code or number of the outsourcing service provider(s) |  |
| J) | A summary of the proposed arrangements, including how these are consistent with the applicant’s strategy, and meet the criteria set out in the Guidelines. The summary should include details of any material changes to the applicant’s programme of operations submitted as part of its original authorisation application. | This summary should be attached as a separate Appendix to the notification. It should be a concise document, with only relevant material included. |
| K) | Details of the risk assessment undertaken in relation to the proposed arrangements, including how risks have been identified, assessed and mitigated | This assessment should be attached as a separate Appendix to the notification. It should be a concise document, with only relevant material included. |
| L) | Is sub-outsourcing in place as part of the proposed arrangements (Y/N)? | If No – then Not Applicable.  If Yes – please provide a separate Appendix setting out how sub-outsourcing requirements set out in Guidelines 76 to 80 will be met by the applicant. |
| M) | A copy of the outsourcing agreement. |  |

**TABLE 2**

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| **Related to Questions in Table 1** | **Details to be provided by Applicant** | **Tick to confirm** |
| **1. A brief summary of the proposed arrangements, including how these are consistent with the firm’s strategy, and meet the criteria set out in the Guidelines** | Confirmation that the outsourcing arrangement(s) are in compliance with the Guidelines and will not impact on the applicant meeting the conditions of its authorisation |  |
| Confirmation that the applicant will be able to undertake at least one of the following actions, within an appropriate time frame:   1. transfer the function to alternative service providers; 2. reintegrate the function; or 3. discontinue the business activities that are depending on the function. |  |
| Confirmation that the applicant’s business continuity plans should take into account the possible event that the quality of the provision of the outsourced critical or important function deteriorates to an unacceptable level or fails. |  |
| Confirmation that the applicant’s audit plan and programme include the proposed outsourcing arrangements. |  |
| **2. A copy of the outsourcing agreement.** | Confirmation that the outsourcing agreement(s) for critical or important functions set out at least:   * The reporting obligations of the service provider to the institution or payment institution; * The communication by the service provider of any development that may have a material impact on the service provider’s ability to effectively carry out the critical or important function in line with the agreed service levels and in compliance with applicable laws and regulatory requirements; and, * The obligations (as applicable) of the service provider to submit reports of its internal audit function to the applicant. |  |
|  | Confirmation that the applicant has followed its policy to determine the criticality or importance of the outsourced function. |  |
|  | Is the outsource service provider required to hold an authorisation to carry out the service for the applicant (Y/N)?  If Yes, please confirm that the outsource service provider holds the required authorisation from its home competent authority. |  |
|  | Where relevant, have data and system security requirements been defined within the outsourcing agreement?  If Yes, please confirm that the applicant has adequate monitoring and controls in place for the ongoing assessment of compliance with the requirements. |  |
|  | Confirmation that all relevant access rights are available to the applicant, its auditors and relevant competent authorities, including the Central Bank, under the proposed arrangements. |  |
|  | Confirmation that the termination rights within the agreement meet the criteria set out under Requirements 98 and 99 of the EBA Guidelines. |  |
| **3. Confirm that the applicant has read and understands the provisions contained in the European Communities (Payment Services) Regulations 2018 and/or the European Communities (Electronic Money) Regulations 2011 (as amended) (the Regulations) and is satisfied that the appointment of this outsourcing agreement will not materially impair:**   * The quality of the applicant’s internal controls and the ability of the Central Bank to monitor the applicant’s compliance with all obligations laid down in the Regulations * The continuing compliance of the applicant with the requirements of its authorisation under the Regulations * The applicant’s senior management retain full responsibility for compliance with all regulatory requirements | |  |
| **4. Independent monitoring of the Service provider(s)** | Confirmation that the proposed outsourcing service provider(s) acting on the applicant’s behalf will inform payment users of this fact, if appropriate. |  |
|  | Confirmation that the applicant has appropriate policies and procedures in place to identify, manage and mitigate potential conflicts of interest in relation to the outsourced service. |  |
|  | Confirmation that this monitoring includes, as applicable, reports from the monitoring functions of the applicant, summarising the outsourcing risk assessment and performance monitoring. |  |

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| **Declaration** |

**[Insert full legal name of applicant]** notifying of the outsourcing of activities to [**insert full legal name of proposed agent(s)]** as an outsourcing service provider under European Union (Payment Services) Regulations 2018 or under the European Communities (Electronic Money) Regulations 2011 (as amended), on the basis of information supplied with this notification and any additional information supplied to the Central Bank in the course of the notification process.

I/We acknowledge that the Central Bank may disclose information in the performance of its statutory functions or otherwise as may be specifically authorised by law.

I/We warrant that I/we have truthfully and fully answered the relevant questions in this Form and disclosed any other information which might reasonably be considered relevant for the purpose of the notification.

I/We warrant that I/we will promptly notify the Central Bank of any changes in the information we have provided and supply any other relevant information which may come to light in the period during which the notification is being considered and, where the notification is accepted, thereafter.

I/We warrant that I/we am/are authorised to make this notification on behalf of **[*insert full legal name of applicant*].**

|  |  |
| --- | --- |
| **For and on behalf of:** | **[insert full legal name of applicant]** |
| **Name (Printed):**  **Title:**  **Signature:**  **Date:** |  |
| **Name (Printed):**  **Title:**  **Signature:**  **Date:** |  |
| ***(Please print name of the applicant. At least two PCF Holders must sign the Declaration above.)*** | |

**Provisions in this document should not be deleted nor amended in any manner. Applicants should note that it is an offence under the European Union (Payment Services) Regulations 2018 and the European Communities (Electronic Money) Regulations 2011 (as amended) to provide false or misleading information in relation to: (i) obtaining an authorisation to operate as respectively a payment institution or an e-money institution, or (ii) an approval, waiver or permission from the Central Bank concerning the operation of respectively a payment institution or an e-money institution.**

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1. Details of any chain outsource providers should also be included here. [↑](#footnote-ref-1)