



Banc Ceannais na hÉireann
Central Bank of Ireland

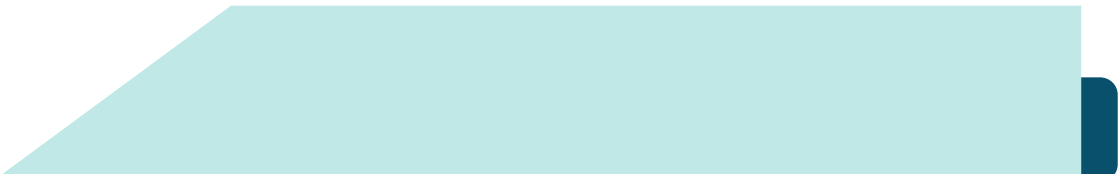
Eurosystem

Guidance on expectations for applicants seeking authorisation from the Central Bank of Ireland to operate as a regulated Firm

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Introduction

The Central Bank of Ireland (“Central Bank”) is the competent authority in Ireland for the authorisation of the majority of financial services firms.¹ Authorisation is an important part of our supervisory framework. It requires us to assess firms’ proposals against applicable regulatory standards and legal requirements and to ensure that any firm authorised demonstrates that it has met and, will continue to meet, those standards and requirements.

The Central Bank’s approach to authorisations is proportionate and risk-based. It is framed in the context of legislative requirements, guidelines and best practice. Our authorisation process reflects the nature, scale and complexity of firms’ activities. This process is informed, developed and refined by our own supervisory experience and by benchmarking to other National Competent Authorities. Our authorisation expectations are consistent with our post-authorisation supervisory objectives and, therefore, applicant firms need to demonstrate through their authorisation application that they can maintain compliance when authorised.

The Central Bank is introducing this cross-industry guidance on gatekeeping expectations. This guidance expands on existing guidance published on our website and provides further detail on how the Central Bank discharges its authorisation mandate.²

Firms seeking to operate in the Irish market and bring services to customers look to be authorised in a timely manner. This guidance seeks to increase the transparency of the authorisation process for firms seeking to be authorised and regulated by the Central Bank and

¹ The European Central Bank (ECB) is the competent authority for the authorisation of credit institutions.

² This guidance is addressed to natural and legal persons applying for initial authorisation and applying or notifying the Central Bank of changes such as business expansions.

to support firms in understanding our high-level requirements and expectations of applicants.

Applicant firms should read this guidance alongside the specific information for their type of firm or business model, which is located on the Central Bank’s authorisation [homepage](#).

Key expectations of the authorisation process

The Central Bank supervises more than 13,000 regulated financial services providers and processes a substantial number of new authorisation applications each year. In 2023 alone, we processed over 3,000 applications³. Our objective is “to ensure that we have a stable, resilient and trustworthy financial sector operating sustainably (and as our mission states) in the best interests of the consumer and the wider economy.”⁴

Firms seeking to enter the application process with the Central Bank should first consider the below principles and guidance.

³ Further details on 2023 authorisations can be located in our Authorisations and Gatekeeping [Report](#)

⁴ Payments and E-Money [perspectives](#) speech

Table 1 Application Principles

<p>Accurate and Complete</p>	<p>Applications should contain up-to-date and accurate information. High quality applications with comprehensive and complete information and explanations reduce the need for additional information requests. The provision of inaccurate or incomplete information might slow the application process and, in extreme cases, lead to the Central Bank making decisions based upon misleading information.</p>
<p>Clear</p>	<p>Applicants should make clear statements about the required information. This includes making it clear when information is not available or the applicant does not know the answer. Lack of clarity is one of the key reasons for delay in the processing of applications. This is especially true in the area of business models and plans.</p>
<p>Well-informed</p>	<p>The Central Bank expects applications to reflect the most current information available and the applicant’s knowledge of the current sectoral and legal requirements.</p> <p>Firms should ensure that they are prepared to become a supervised firm by putting in place the necessary arrangements and supporting documentation to comply with regulations from the date the Central Bank authorisation takes effect.</p> <p>The Central Bank will explain its approach to decision making and will seek to assess applications in an efficient manner but it will not provide business, legal or technical advice to applicants.</p>
<p>Open and Cooperative</p>	<p>The Central Bank expects applicants to be open and cooperative in all of their dealings with us. Applicants should respond to questions and comments in a timely manner and avoid overly legalistic</p>

	<p>language. This includes providing us with all information we might reasonably expect to be included in an application, irrespective of whether a question, strictly speaking, demands the specific information.</p>
<p>Forward Looking</p>	<p>Applicants should include all relevant information of which they are aware regarding their plans. This includes business projections and plans to add to or alter authorisations or permissions.</p>

Common areas of substantive focus applicable to all applications

Table 2 sets out a non-exhaustive list of expectations applicable to all sectors. The expectations are the starting point for all firms.

Depending on the context or the complexity of the firm, further information will be requested during the application assessment.

This will provide the Central Bank with information that will facilitate our consideration of the applicant’s proposal.

Applicant firms also should refer to their specific industry requirements when applying for authorisation.

Table 2 – Expectations of applicant firms

Topic	Expectation
<p>Customer Focus</p>	<ul style="list-style-type: none"> Place customer interests at the heart of business models. This includes demonstrating clearly the target market for the product or service envisioned by the business model proposed, and the benefit of that service for that target market. Act fairly and openly when dealing with customers and potential customers. Evidence customer documentation that complies with relevant legislative and regulatory requirements.
<p>Business Models</p>	<ul style="list-style-type: none"> The Central Bank reviews proposed business models to assess viability, including the sustainability of the applicant’s strategy to generate credible returns over a forward-looking period.⁵ The Central Bank expects applicants to provide sufficient granularity and evidence to facilitate its business model review. The Central Bank assesses business model viability holistically, taking into account the impact of all relevant risk areas on that business model. Applicant firms should have a clear business strategy and a business plan that demonstrates that their business model is capital accretive over the long-term.
<p>Substantive Presence</p>	<ul style="list-style-type: none"> Applicants should demonstrate that they have sufficient substance in the State. This includes evidencing an appropriate level of substance in Ireland. Substance includes a meaningful and substantive presence in the jurisdiction, the management of key risks from within the entity and the

⁵ Typically three years.

	<p>making of key decisions by those within the entity and not elsewhere in a group.</p>
<p>Resourcing</p>	<ul style="list-style-type: none"> • Applicants should demonstrate that they have adequate resources, commensurate to the nature, scale and complexity of their business activities and the risks therein. • Applicants should demonstrate the capability to fully manage outsourced activities, for example those outsourced to an affiliate. • Applicant firms must have adequate and sufficient resources (reflecting the nature, scale and complexity of their activities) with appropriate compliance expertise in place to review and assess the applicant’s compliance risks.
<p>Governance</p>	<ul style="list-style-type: none"> • Applicants should evidence governance arrangements commensurate with the nature, scale and complexity of proposed operations. • Effective governance arrangements and indicators of a well-governed entity include risk identification, management and control arrangements and an appropriate culture. • Applicant firms should be capable of managing material risks locally. • Firms should have appropriate compliance and internal control arrangements in place. For most firms, this should include having a “three lines of defence” model in place that is appropriately resourced. • Effective interaction with first and second line of defence to ensure policies and procedures are robust and regularly tested.

<p>Outsourcing</p>	<ul style="list-style-type: none"> • Applicant firms should demonstrate that they have the capability to fully manage any outsourced activities. • Responsibility for the operation or management of key functions must remain wholly with the applicant. • Firms should ensure they are compliant with the Central Bank’s Cross Industry Guidance on Outsourcing⁶.
<p>Safeguarding & Payments</p>	<ul style="list-style-type: none"> • Where applicable, applicants should evidence suitable arrangements to safeguard customers’ funds which is of paramount importance to the Central Bank. There is significant potential for consumer detriment if a firm has not adequately safeguarded users’ funds. The Central Bank has no tolerance for weaknesses in safeguarding arrangements.
<p>Capital</p>	<ul style="list-style-type: none"> • Applicants must have robust capital, governance and planning systems in place, in accordance with their individual sectoral requirements, and, therefore, be able to demonstrate and substantiate that they will have adequate and timely sources of funding. • Firms should be able to demonstrate that they have sufficient financial resources under a plausible but severe stress scenario.
<p>Compliance</p>	<ul style="list-style-type: none"> • Applicant firms must have adequate and sufficient frameworks in place to assess the applicant’s compliance risks and to monitor the adequacy and effectiveness of its compliance monitoring processes and its on-going compliance with its legal and regulatory obligations.

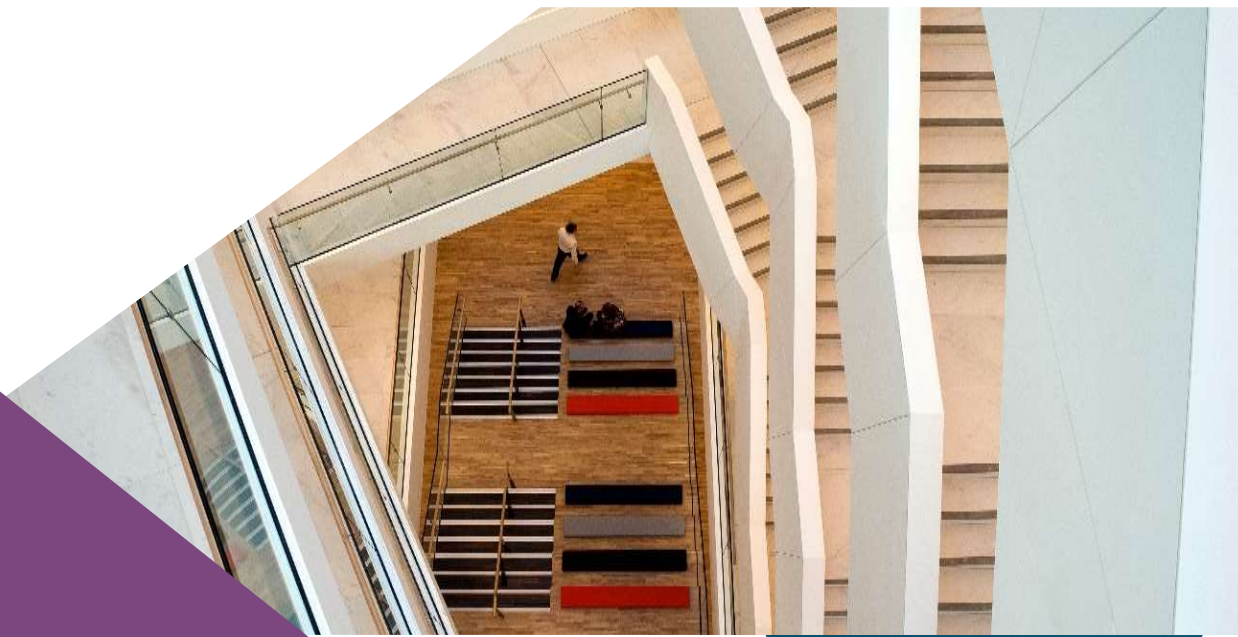
⁶ Cross industry guidance on [outsourcing](#)

<p>Ownership Structure</p>	<ul style="list-style-type: none"> • Applicant firms must be able to demonstrate a clear ownership structure, up to, and including ultimate beneficial owners.
<p>Environmental, Social and Governance (ESG)</p>	<ul style="list-style-type: none"> • Applicant firms must have a robust framework in place to effectively identify and manage risks relating to ESG and to ensure that the disclosure made to investors is clear and not misleading in terms of sustainability credentials.
<p>Recovery</p>	<ul style="list-style-type: none"> • Applicants should demonstrate the ability to recover critical or important business services from a significant unplanned disruption, while minimising impact and protecting their customers and the integrity of the financial system. • If they cannot recover, be able to exit the market in a safe and orderly manner. • Firms should ensure they are compliant with the Central Bank’s Cross Industry Guidance on Operational Resilience⁷.
<p>Wind Down</p>	<ul style="list-style-type: none"> • A firm should have plans in place to ensure that it can exit the market in a safe and orderly manner demonstrated through an effective wind down plan which minimises client detriment, including details regarding the safe return of all assets (where relevant). This should be in place for both normal and stressed events.

⁷ Operational resilience and cyber [guidance](#)

**Anti-Money
Laundering
(‘AML’)/Countering
the Financing of
Terrorism (‘CFT’) –
this section is
relevant to all
applicant firms
that are
Designated
Persons under the
Criminal Justice
(Money
Laundering and
Terrorist
Financing) Act
2010**

- Firms must demonstrate that strong risk management practices and internal controls are in place in order to ensure compliance with the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended).
- Applicant firms should:
 - Carry out an AML/CFT risk assessment of their business;
 - Undertake customer due diligence of their customers;
 - Carry out ongoing monitoring of customers and customer transactions;
 - File Suspicious Transaction Reports with the Financial Intelligence Unit Ireland and the Revenue Commissioners in instances where money laundering or terrorist financing is known or suspected;
 - Maintain and implement AML/CFT policies, procedures and controls;
 - Retain appropriate records; and
 - Provide AML/CFT training to all staff on an ongoing basis.



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