Banc Ceannais na hÉireann
Central Bank of Ireland
Eurosystem

Authorisations and Gatekeeping Report

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Contents

Foreword

Deputy Governor

Sharon Donnery

I am very pleased to introduce the Central Bank of Ireland's ("The Central Bank") inaugural "Authorisations and Gatekeeping Report".

The Central Bank regulates and supervises over 12,000 firms providing products and services in Ireland, the European Union ("EU") and around the world. Our mission is to serve the public interest by maintaining monetary and financial stability while ensuring that the financial system operates in the best interests of consumers and the wider economy.

A strong regulatory and supervisory framework, ensuring we have a stable, resilient and trustworthy financial sector, enables us to deliver on our mission for the public. Our gatekeeping role is an integral part of that framework – helping to ensure firms and individuals are of a sufficiently high standard to meet our requirements and to be trusted with the public's money.

Since 2018, the Central Bank has either authorised or approved close to 12,000 applications across a range of financial service providers, prospectuses and regulated financial products and has approved over 18,000 applications for senior positions in the financial sector in Ireland as part of our Fitness and Probity ("F&P") regime. In 2023 alone, we received almost 3,300 applications for authorisation or approval and over 3,300 applications for senior positions.

In order to ensure the system and the public are protected and that trust is maintained, gatekeeping, and the phrase "regulated by the Central Bank of Ireland", has to mean something in terms of standards and reassurance to the people of Ireland. As such the process needs to be robust, and the standard needs to be appropriately high.

Back to "Contents"

However, given the volume of applicants and the benefits of new entrants for consumers and the wider economy, to ensure the gate is not an undue barrier to entry it is also important that the process is efficient and that it is transparent.

As such in recent years as part of our ongoing commitment to efficiency and in the face of feedback that we could improve our clarity and responsiveness to incoming applications, we have increased engagement and significantly improved our processes. We have done this while maintaining the high standard the public expects of regulated providers of financial services and of us.

As I have said before this is not about prioritising speed over rigour – for the authorisation process is just the beginning of the regulatory and supervisory relationship, and our experience is that going through the gate too swiftly often presents issues on the other side.

Recognising that better prepared firms find the authorisation process the most straightforward, in addition to increasing the efficiency and transparency of our own processes we have improved our communications and have set clearer expectations for firms. This aims to deliver better and more complete applications to the benefit of both sides – increasing the efficiency of the gate, while maintaining its robustness.

Through this new report we are providing further transparency to all stakeholders. The report sets out how we discharge and continue to refine our authorisation mandate; by providing information on our authorisation framework and risk appetite; by explaining our priorities and expectations of applicant firms; by providing insight into the operation of the F&P regime; and by outlining the key challenges that we see for firms seeking authorisation. We hope it is useful for all stakeholders, and complements our other engagements and publications.

Looking ahead, enhancing how we regulate and supervise across all sectors is a strategic priorities of the Central Bank. This includes

Back to "Contents"

continuing to enhance our authorisation processes, in terms of clarity, predictability and transparency for those seeking to be authorised. We will continue to improve our own process as well as our engagement and communication with the sector.

Back to "Contents"

Chapter 1

Executive Summary

The Central Bank's overarching supervisory objective is to ensure that we have a stable, resilient and trustworthy financial sector operating sustainably in the best interests of the consumer and the wider economy.[1] Our approach to authorisations is risk-based and is framed in the context of legislative requirements, guidelines and best practice. It is proportionate and reflects the nature, scale and complexity of firms' activities.

Our authorisation process is informed, developed and refined by our own supervisory experience and by benchmarking to other National Competent Authorities ("NCA's"). Our 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.

"Authorisation commences a regulatory and supervisory relationship that will continue for the duration of a firm's existence as a regulated entity. So the nature of firms' initial engagements with us inform our understanding of how they will approach regulatory compliance if and when they are authorised." – DG Sharon Donnery

The Central Bank's authorisation mandate is not limited to the authorisation of new firms, but also extends to regulated financial service providers, products, prospectuses, post-authorisation transactions and the F&P assessment of Pre-Approval Controlled Function ("PCF") applications.

An authorisation granted by the Central Bank is an entry point for providing services into the Irish and European financial markets. As such the Central Bank has a broad and important role as a Gatekeeper to these markets, and the phrase "regulated by the Central Bank of Ireland" has to hold meaning in setting standards and providing reassurance to the people of Ireland and across Europe.[2] [3]

Firms must be appropriately established and effectively managed to meet the financial and operational requirements of their business

[1] Perspectives and Priorities Speech
[2] Innovation and Trust – DG speech
[3] Financial Services Ireland Speech

Back to "Contents"

model. They must also be in compliance with regulatory standards in place, in order to serve and protect customer and investor interests and to support the proper functioning of financial markets. The authorisation process is the mechanism by which the Central Bank seeks to establish that firms can meet those standards.

The Central Bank has continually sought to evolve and enhance our authorisation process to ensure it is efficient, for example with the introduction of the new F&P portal last year, and we will continue to evolve our processes and data capability, delivering an efficient and effective authorisation process across all sectors.

In addition to process efficiencies, however, the timeline to authorisation is strongly influenced by: the complexity of the proposed application/business model; the quality of the application submission and, the applicant's timeliness in responding to the Central Banks queries. Our experience is that the process is more productive and efficient where firms have fully considered their regulatory obligations in their applications.

In that regard, through publication of this report, the Central Bank is providing further transparency to all stakeholders to support an efficient authorisation process.

This report:

- Explains how we discharge and continue to refine our authorisation mandate and process both pre- and post-authorisation, across multiple sectors;
- Provides information on our authorisation framework and risk appetite, in addition to explaining our priorities and expectations of applicant firms;
- Provides insight into the operation of the F&P regime;
- Outlines key challenges that we see for firms seeking authorisation; and

Back to "Contents"

- Expands upon previous Service Standard reporting in our Regulatory Service Standards Performance Reports.[4]

Box 1: Authorisation Priorities for the Central Bank

- Conduct robust and proportionate authorisation assessments ensuring that firms meet our expectations pre- and post-authorisation.
- Provide additional guidance to firms on our expectations and ultimately drive better quality applications. Continuously refine and benchmark our authorisation processes so they evolve to meet the changing needs of the financial services sector.
- Continuously develop our knowledge base in order to effectively respond to the evolution of the sectors we regulate.
- Effectively integrate new regulatory developments and the expansion of our mandate.

[4] https://www.centralbank.ie/regulation/how-we-regulate/authorisation/service-standards.

Back to "Contents"

Chapter 2

Engagement

As outlined in our Regulatory and Supervisory Outlook ("RSO")[5] a key regulatory and supervisory priority for the Central Bank is to enhance how we regulate and supervise across all sectors. This includes continuing to enhance our authorisation processes, ensuring there is clarity, predictability and transparency for firms seeking to be authorised, while maintaining the appropriately high standards the public expects for regulated providers of financial services.

A key contributor to the achievement of these priorities is active and constructive engagement with both industry and other stakeholders.

Engaging with stakeholders

Aligned with the Central Bank's strategic objective to be open engaged, there has been a step change in our external engagement with industry and stakeholders in relation to the authorisation process – being open to hearing a wider range of views, focusing on clearer communications and expectations to enhance the authorisations process for firms.

Over the last year, this has included enhanced communication with individual firms, including regular, open and transparent engagement with applicant firms throughout the application process.

We have also enhanced our wider outreach activities, providing opportunities for engagement and dialogue with both firms and industry representative bodies to ensure effective communication of the Central Bank's expectations in relation to authorisations and to better understand concerns arising.

Discussions about issues related to the authorisation process have been included on the agenda of the cross-sectoral Financial Industry Forum and its Innovation Subgroup across 2023 and 2024 and this

[5] Regulatory & Supervisory Outlook Report

Back to "Contents"

has served to enhance understanding within industry of the Central Bank's expectations in relation to authorisations. At the Forum, the Central Bank has outlined its risk appetite in relation to authorisations linking it directly to its low tolerance for risks that may materially compromise the achievement of financial supervision objectives. The Forum has also provided an opportunity for senior Central Bank leaders to understand challenges arising across industry sectors.

We have also published updated guidance material for firms seeking authorisation across a number of sectors, including:

- Publication of the "Central Bank of Ireland Expectations for Authorisation of Payment and Electronic Money Institutions and Registration of Account Information Service Providers"[6];
- Publication of several "Authorisation Guidance Notes for Markets in Financial Instruments Directive ("MiFID") investment firms" [7]; and
- Publication of enhanced guidance for the funds sector[8].

The Central Bank will continue to engage with both applicant firms and wider industry to inform continuous improvement of the authorisation gateway, and to publish relevant sectoral guidance to ensure clear, relevant information is available about the Central Bank' expectations of applicant firms.

This new Authorisations and Gatekeeping Report will be published annually, providing ongoing information about the Central Bank's approach to authorisations.

Engaging with the process

Authorisation is an important part of our overall supervisory framework. It requires us to assess firms' proposals against the

[6] PIEMI Guidance Note
[7] MiFID Investment Firms Guidance Note
[8] AIF Rulebook

Back to "Contents"

applicable regulatory standards and to ensure that any firm authorised demonstrates that it has met those standards and can operate in compliance with its obligations and in the best interests of consumers.

Box 2: Preparation

Firms should plan for a comprehensive authorisation process.

The timeline to authorisation is strongly influenced by:

1. The complexity of the proposed business model,
2. The quality of the application submission and,
3. The firm's timeliness in responding to the Central Banks queries.

Our experience is that the process is more productive and efficient where firms have fully considered their regulatory obligations in their applications.

Applications should not be generic, they must be tailored and specific to the licence/authorisation sought, the firm's business model and its enterprise risks and risk frameworks.

We recommend that firms engage with the Central Bank at an early stage to clarify expectations and to support their application. Firms with new and innovative business models should consider engaging with the Central Bank's Innovation Hub to discuss their plans and the authorisation process if it is their intention to seek authorisation.

Firm authorisations may begin with an exploratory pre-application phase. The purpose of this phase is to provide us with an insight into the nature and scope of a firm's proposed business model. It allows us to identify any potential areas of concern early in the process and to flag them to the firm. This stage also gives firms an insight into the Central Bank's requirements and approach and helps firms to develop completed applications in the most efficient way.

Back to "Contents"

For larger firms, we may establish a designated team with a single point of contact. For less complex firms, a single team may be responsible for a number of applications.

Firms are not only expected to meet the minimum authorisation standards, they are expected to look beyond the point of authorisation and to be aware of the Central Bank's broader expectations post-authorisation. Firms should be well-organised and prepared to comply with the current regulations and guidance for their sector on an ongoing basis in addition to being prepared for any upcoming rule changes. Firms should fully understand the risks arising from their business models and operations and how to mitigate those risks.

Back to "Contents"

Chapter 3

Authorisations Landscape

The Central Bank authorises or approves a range of Financial Service Providers ("FSPs"), prospectuses and regulated financial products and also approves key personnel PCFs as part of the F&P regime.

Chapter 3 summarises sector-levels activity for 2023 and the performance of the Central Bank by showing:

- The authorisation activity rates by volume;
- Average authorisation times[9]; and
- An explanatory narrative for each sector.

Chapter 4 is devoted to the F&P authorisation regime.

The Central Bank is committed to Service Standards which it has committed to in respect of:

- authorisation of FSPs and Investment Funds;
- approval of Prospectuses; and
- assessment of PCF applications.

For the full-year 2023, the Standards were either met or exceeded.

Authorisation timelines remain dependent on:

- The nature, scale and complexity of the firm's proposals;
- The completeness and quality of the application; and

[9] For the first time, the Central Bank is publishing average authorisation times. The purpose of these metrics is to provide additional information which indicates, for a typical application, how long an authorisation can expect to take. More complex authorisations may take longer to assess. This metric is from the date a complete application is received to the final decision and includes time taken by applicants to deal with queries raised by the Central Bank in the course of the application.

- The responsiveness of the firm to comments and questions during the assessment process, and the quality of those responses.

It is our experience that a number of factors can hold up a timely authorisation assessment and firms should be mindful of common areas of difficulty when preparing their applications. Examples of these factors include:

- Firms not adequately prepared coming into the authorisation process;
- Quality and timeliness of application submissions; and
- Incomplete information in application submissions.

A summary table of these reasons are shown in Appendix 1.

The information in this chapter seeks to clarify the characteristics of particular sectors and sets out why some authorisations may take longer than the average.

Box 3: Continuous Improvement

We are focused on continuous improvement. For example, in April 2023 we upgraded our F&P system, delivering benefits and efficiencies for both industry and the Bank – reducing the processing time for Individual Questionnaires (IQs) from 36 to 24 calendar days, in part through facilitating improved applications (with a 50% reduction in those returning incomplete).

Back to “Contents”

Table 1 – Authorisations Data

Authorisations data covering the period 1 January to 31 December 2023	Applications Received	Applications Withdrawn/ Closed	Applications Approved[10]	Processing Times – Average Calendar Days	Pipeline at 31 December 2023
Funds Authorisation	676	75	620	98	-[11]
Retail Intermediaries/Debt Management Firms	263[12]	144	174	169	94
High Cost Credit Providers[13]	28	2	26	N/A	1
Retail Credit Firms/Credit Service Firms	2	4	2	733[14]	30[15]
Trust or Company Service Providers[16]	25	0	25	38	3
Fund Service Providers	14	5	10	327	23
Insurance	9	1	8	31	2
MiFID Investment Firms	7	5	8[17]	327	10
Crowdfunding Service Providers	7	2	5	273	2
Payment and Electronic Money Institutions	6	12	6	614[18]	15
Credit Unions	No Updates for 2023				
Virtual Asset Service Providers	5	9[19]	7	530	14
Credit Institutions	1	1	0	N/A	2
Prospectus Approval[20]	2234	N/A[21]	745	15[22]	-[23]
Fitness and Probity	3359	279	2603	24	619

Back to "Contents"

[10] Applications Approved may be greater than Applications Received as they relate to prior years.
[11] As Funds Authorisation relates to the authorisation of products rather than firms, applicants do not approach the Bank prior to submitting an application. Therefore, it is difficult to estimate the likely forecast or pipeline of applications.
[12] Applications received includes re-submissions where earlier applications did not pass the key information check. Note that a number applications approved in 2023 were received in 2022.
[13] The majority of applications and all approvals relate to annual licence renewals. 26 HCCP applications relate to renewals. No average timelines given as there were no new approvals and timelines for renewals is completion prior to existing licence expiry.
[14] Timeline driven by an atypical application.
[15] 25 of the 30 in the pipeline were received in 2022 as a result of new legislation and Service Standards do not apply.
[16] TCSPs are authorised on a three-year cycle and the figures contain firms that have been authorised more than once.
[17] These figures include new MiFID authorisations and extensions to existing MiFID authorisations
[18] Reflective of a lack of preparedness of some applicants, delays in responding to queries issued by the Central Bank and changes made by applicants to their proposals during the course of assessments.
[19] VASPs – 9 withdrawn/closed includes 2 dormant applications.
[20] Neither the securities issuer nor the securities described in the prospectus are authorised or regulated by the Central Bank as a result of the approval of a securities prospectus. The Central Bank only approves the prospectus for meeting the disclosure requirements.
[21] Withdrawn or closed submission are not relevant to the prospectus approval process.
[22]Based on debt wholesale base prospectuses received, i.e. denominations greater than €100,000.
[23] As Prospectus Approval relates to the approval of disclosure documents for issuances rather than firms, submitters do not approach the Central Bank prior to submitting an application. Therefore, it is very difficult to estimate the likely forecast or pipeline of submissions.

Back to “Contents”

Information by Sector

3.1. Funds Authorisation

Overview

In total, 388 Undertakings for Collective Investment in Transferable Securities ("UCITS") and two Retail Investor Alternative Investment Funds ("RIAIFs") were authorised in 2023 and all Service Standards were achieved. The number of UCITS and RIAIFs authorised in 2023 is lower compared to 2022 but the number of new applications received in 2023 is similar in volume to 2022.

230 Qualifying Investor Alternative Investment Funds ("QIAIFs") were authorised in 2023. QIAIF standards were all met in 2023 with volumes 19% lower than 2022. The number of authorisations in the period were lower than 2022.

A variety of applications were received during 2023 including index tracking funds, funds with asset classes such as fixed income, equity, multi asset and fund of funds. Certain applications received in 2023 required a more detailed review due to complex asset classes or higher levels of leverage.

The ICAV was the preferred legal structure for 72% of QIAIFs authorised in 2023, followed by the Investment Limited Partnership 11%, 10% for companies incorporated under the Companies Act 2014, 6% for Unit Trusts and 1% for Common Contractual Funds.

QIAIFS are generally not subject to an iterative process for authorisation in the same way that retail investment funds are. The authorisation is based on specific legal confirmations provided by the Alternative Investment Fund Manager("AIFM"), investment (or management) company together with detailed application forms, the content of which is prescribed by the Central Bank. Certain types of property QIAIFs are required to complete a pre-submission process. All authorised QIAIFs are within scope of a post-authorisation review process where the quality of documentation is assessed against Central Bank authorisation expectations.

The Central Bank observed an improvement in the quality of QIAIF application documents in 2023 as the extent of documentation rejected due to sub-standard disclosure was 28% lower than in 2022. Of note is that, while less in volume than that experienced in 2022, 11 QIAIF applications were rejected due to incorrect submissions, insufficient documentation or regulatory permissions. Furthermore, certain applicants did not ensure, as required, that directors had been cleared in advance.

Post-Authorisations

In 2023 there were a total of 3,180 applications with a total of 1,109 approvals issued by the Central Bank. These figures are consistent with the high numbers of submissions in previous years. The submissions reviewed include UCITS mergers (both domestic and cross-border), changes of service providers, changes relating to strategies and changes to reflect regulatory developments at a European level.

The number of statutory passporting notifications (outwards and inwards) processed by the Central Bank for AIFMs and UCITS management companies increased from 14 in 2022 to 16 in 2023.

In 2023, a total of 177 investment manager applications were reviewed, split between authorised entities from the EU (33 submissions) and non-EU (144 submissions). The average days for investment manager clearance was:

- EU Investment Managers – 1 day
- Non- EU Investment Managers – 4 days

Back to “Contents”

3.2. Retail Intermediaries/Debt Management Firms

Overview

174 Retail Intermediary authorisations/registrations were issued in 2023. While the Retail Intermediary application pipeline varies from year-to-year, it continues to be a high volume sector. The number of Retail Intermediary authorisations/registrations issued stabilised in 2023. The volume reflected the typical numbers of authorisations/registrations that we would expect to issue each year. No Debt Management authorisations were issued in 2023.

The average turnaround time for applications authorised/registered in 2023 was 169 calendar days from the commencement of the assessment phase of the application process. This included a small number of applications where the Service Standards did not apply.

The longest turnaround time during the period was 535 calendar days. For applications, such as this one, that are more complex, these will take more time. In cases where the applicants submitted comprehensive applications and thus required minimal follow-up engagement with applicants, turnaround times of circa 70 calendar days were observed. These processing times are in line with our expectations and it is noted that all Service Standards were met.

While an improvement in the quality of applications received was noted in 2023, a relatively high number of applications were withdrawn/returned in both Q2 and Q4 2023. We aim to return applications to applicants which are of poor quality and/or incomplete as early as possible. In 2023, 108 applications of the 263 received were returned to firms due to the submissions failing the key information check. A further 36 applications were withdrawn or became dormant after entering the assessment phase of the application process.

Back to “Contents”

The most common reasons for the withdrawal/return of an application were:

1. Applicants being unable to demonstrate that proposed appointees to PCF roles met the F&P requirements (including the Minimum Competency Requirements);
2. Errors/inaccuracies in their Individual Questionnaire ("IQ") submissions[24]; and
3. Applicants not submitting their IQs within 20 working days.

Post-Authorisations

The number of applications from firms seeking approval to complete an acquiring transaction in 2023 was 61, and the number of applications from firms seeking to appoint a tied agent, remained steady at 40 in 2023 when compared with 2022.

Revocations[25]

There were 183 revocations in this sector in 2023, the vast majority, 177, relate to voluntary Retail Intermediary firm revocations.

[24] An Individual Questionnaire is the on-line application competed by the applicant when applying for a PCF role in a firm.
[25] Revocation numbers represent the number of authorisations/registrations revoked.

Back to "Contents"

3.3. High Cost Credit Providers (“HCCP”), Retail Credit Firms (“RCF”) and Credit Servicing Firms (“CSF”)

Overview

The majority of RCF applications were received as a result of new legislation introduced in 2022 to regulate Hire Purchase, Personal Contract Purchase (PCP) and Buy Now Pay Later firms. These firms are authorised on a “transitional” basis and can continue to carry out their activities while their application is being assessed, so service standards do not apply.

For HCCPs, all authorisations issued relate to licence renewals, 28 were received with 26 approved. Licences were previously renewed annually but due to a change in legislation in 2022, licences are now issued for a period of five years. Volumes of applications for new entrants to the sector have been low in recent years and are anticipated to remain low.

The average timeline for authorisation of 733 days was driven by a single “atypical” business model.

There was a small number of HCCP/RCF/CSF withdrawals and rejections during the year. Reasons for rejections included poor quality applications and failed ‘Key Information Checks’. Reasons for withdrawals included transitional firms withdrawing from the sector and business models changing late in the application process.

Back to “Contents”

3.4. Trust or Company Service Providers

Overview

Trust or Company Service Providers (“TCSPs”) are authorised under Chapter 9 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 to 2021. The Central Bank is the competent authority for the Anti-Money Laundering and Countering the Financing of Terrorism (“AML/CFT”) supervision of TCSPs that are subsidiaries of Credit or Financial Institutions (this accounts for approximately 10% of the total TCSP population). The Department of Justice is the competent authority for all other TCSPs. A TCSP authorisation is valid for a period of three years from the date of authorisation. Consequently, TCSPs must seek renewal of their authorisation every three years. Given its cyclical nature, the number of TCSP applications received, 25 received and 25 approved, was largely in line with 2023 expectations. There was 1 voluntary TCSP revocation for 2023.

Back to “Contents”

3.5. Fund Service Providers

Overview

In total, ten FSPs were authorised in 2023. The number of authorisations is lower in 2023 compared to previous years. Authorisation withdrawals were more prominent this year than in previous years, with five occurring. Some were withdrawn at an advanced stage of the authorisation process due to a lack of adequate staffing for both PCF and non-PCF roles and changes to business models following initiation of an application for authorisation. Some applications also went to a dormant phase – these applications were not yet deemed formal/complete applications and were not being actively progressed by the relevant firm.

The Central Bank also processed a high number of "other" applications such as branch notifications, changes to authorisation, registration of Alternative Investment Funds ("AIFs") and revocations of authorisations or approvals. These applications are subject to a regulatory review process.

Other Applications Completed 2023	
EEA Branch Inwards Cessation	2
EEA Branch Inwards Notification	4
EEA Branch Outwards Cessation	2
EEA Branch Outwards Notification	14
Reduction in Authorisation	1
Registration	7
Registrations (Additional AIF)	2
Revocation	13

Back to "Contents"

Post-Authorisations

In 2023, 63 Acquiring Transactions were received.

We continue to see an increasing trend in the number of Acquiring Transactions being processed in this sector. The review process is subject to legislative deadlines both in terms of initial review and completion of the Acquiring Transaction assessment. All deadlines were met in 2023.

Back to "Contents"

3.6. Insurance

Overview

The Central Bank issued authorisation in principle[26] to two insurance/reinsurance undertakings, five Solvency II special purpose vehicles ("SPVs") and one SPV arrangement in 2023.

Post-Authorisations

The table below provides information on six types of post-authorisation approvals issued to authorised insurance firms in 2023, together with average processing times from the receipt of a complete application to approval.

The Central Bank aims for an efficient review process and periodically reviews its processes for possible enhancements. There are also actions that firms can undertake to avoid unnecessary delays in the review process, including:

- Transparent, early engagement with supervisory teams on the nature, scale and timing of the change being considered;
- Providing good quality, substantially complete applications;
- Ensuring that adequate time and resources are available to provide information supporting the application; and
- Responding in a timely manner to any subsequent queries which may arise.

[26] Authorisation in principle is explained in page 7 of the Guidelines on completing and submitting life insurance non-life insurance and reinsurance applications 2022 available on the Central Bank's website.

Back to "Contents"

Table 1 : Insurance Post – Authorisations 2023

Type	Number	Average processing times
Acquiring Transaction (Qualifying Holding)	21	35
Branch Application - Outwards	3	60
Change of Business Plan	16	70
Extension of Insurance Classes	3	46
Portfolio Transfers	9	63
Revocation of Authorisations	5	33

Back to "Contents"

3.7. Markets in Financial Instruments Directive Investment Firms

Overview

Eight authorisations were completed in 2023, of which four were for new investment firms in this jurisdiction and four were extensions to authorisation for existing regulated investment firms.

The number of firms in the MiFID authorisation pipeline remains elevated with ten firms in the assessment phase (either Key Fact Document or Formal Application) and an additional thirteen prospective firms that had expressed their interest in applying for authorisation at the end of 2023 and were in the pre-application phase of the authorisation process. There are a wide variety of business models for investment firms presenting for authorisation which adds to the complexity of the pipeline.

Only formal applications are subject to service standards for which there were four during 2023. The service standard applies to complete applications. Factors that can delay the authorisation process include: variation of business model from the firm during the process, delays in submitting PCF IQs and lack of detail and low quality of the submissions.

During 2023, five firms withdrew their applications from the authorisation process. This was generally due to a change in strategic direction of the firm.

Post-Authorisations

The MiFID Authorisation Team completed the assessment of 19 Acquiring Transaction Notifications and eight Voluntary Revocations of investment firm licenses in 2023. These figures are comparable with the assessments completed in 2022.

Back to “Contents”

3.8. Crowdfunding Service Providers

Overview

Regulation (EU) 2020/1503 (“the regulation”) establishes an EU regulatory regime for Crowdfunding Service Providers (“CSPs”). The regulation came into force in November 2021 and requires both existing firms providing crowdfunding services and new firms seeking to enter this market to seek authorisation from a NCA. A transitional period was provided for existing CSPs. This date was originally 10 November 2022 but the European Commission extended this date to 10 November 2023.

Five CSPs were authorised by the Central Bank in 2023. Of these, one was a new entrant to the Irish market and four were existing firms operating in the market on a transitional basis. We are currently developing an appropriate authorisation Service Standard for this sector.

For the five Crowdfunding Service Providers authorised in 2023, authorisation timelines have been calculated from receipt of initial application up to the date of authorisation. There was a transitional period provided for within the regulation, which allowed existing CSPs to continue with their operations until 10 November 2023.

The four transitional firms authorised in 2023 submitted their application early but did not provide a complete application until close to when the transitional period was due to expire. This was the main contributing factor to the extended timelines. As per the regulation, the Central Bank has three months to reach a decision on an application for authorisation from the date of receipt of a complete application.

Based on current experience and knowledge, we are expecting the level of new applicants from 2024 to be lower than 2023.

Back to “Contents”

3.9. Payment and Electronic Money Institutions

Overview

The majority PIEMI of applicants tend to be large groups proposing to establish an Irish subsidiary, with passporting within the European Economic Area ("EEA") being a significant feature of proposals received.

Six firms were authorised in 2023 which is the same number as in 2022. In addition, four firms had received "Minded to Authorise/Register" letters at the year-end (two more than at end 2022) and were fulfilling specific requirements prior to authorisation.

The average time taken to complete assessments, 614 days, is reflective of a lack of preparedness of some applicants, delays in responding to queries issued by the Central Bank and changes made by applicants to their proposals during the course of assessments.

There was a significant increase in the number of application withdrawals in 2023, driven by a mix of decisions. These mainly related to strategic commercial decisions. As the business models are underscored by innovation, this can lead to firms continuously evolving their strategy or readiness for authorisation.

Post-Authorisation

There were eight post-authorisation acquiring transaction notifications and one revocation completed for PIEMI sector in 2023.

Back to "Contents"

3.10. Credit Unions

Overview

No credit unions were authorised during the year ending 31 December 2023. A total of four credit unions were deregistered or revoked in the same period. Of these 218 credit unions, 27 credit unions were inactive and awaiting deregistration as at 31 December 2023.

Back to “Contents”

3.11. Virtual Asset Service Providers

Overview

Virtual Asset Service Providers ("VASPs") are registered pursuant to Section 108 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and are supervised by the Central Bank for AML/CFT purposes only.

During the Central Bank's assessment of VASP registration applications received, a number of recurring weaknesses were identified and consequently in 2022 the Central Bank issued a bulletin on VASPs which sets out the key issues identified and reiterated its expectations. There are 11 firms registered as VASPs with seven of the 11 registered in 2023. The average number of days taken to register a VASP is 530 calendar days and is largely driven by time taken by the applicants to respond to queries raised during the assessment.

A significant number of firms have withdrawn from the registration process. This has been for a number of reasons including a change of strategy or an inability to meet their legal obligations. The firms registered comprise of large firms that are part of global groups and smaller standalone Irish firms.

The commencement of the Markets in Crypto Assets Regulation ("MiCAR") in January 2025 will significantly alter the authorisation process for firms seeking to provide crypto asset services from Ireland. The MiCAR authorisation process is a broader assessment than the current VASP registration process, which is focused solely on an applicant's compliance with AML/CFT obligations. Consequently, on 2 May 2024 the Central Bank published guidance for firms that are intending to seek authorisation to provide crypto asset services from Ireland and this guidance can be found here.

Back to "Contents"

3.13. Prospectus Approval

Overview

In 2023, a total of 745 prospectuses were approved, all relating to debt securities.

The Central Bank approves prospectuses under the Prospectus Regulation for equity securities, a variety of different debt securities and closed-end investment funds. Submissions for debt securities targeted both retail and wholesale investors and included issuance programmes, standalone issuances or prospectus supplements. Products included plain vanilla debt with fixed rates, guaranteed bonds, covered bonds and structured bonds/products, such as Asset Backed Securities ("ABS"), Exchange Traded Products ("ETPs"), Credit Linked Notes ("CLN"), etc.

During the approval process, a total of 2,234 initial, subsequent and approval submissions were received and deemed in scope for the Service Standards. All Service Standards were achieved. Of the submissions, 2,232 were debt and two were equity. The performance against service standards was 96% for debt and 100% for equity submissions. The full list of service standards is available at this link.

23 debt submissions are excluded from the 2,232 figure above as the submissions did not proceed. The main reason was that the Central Bank did not consider the submissions to be of the required standard (e.g. issues with the prospectus document or supporting documentation). A further five submissions are also excluded from the 2,232 figure, as they were generally deemed to fall within point (d) of the Prospectus Approval Service Standard Exceptions (complex transaction i.e. concerns a product with complex features or is a type of prospectus that the Bank rarely approves).

Guidance in relation to the submission of prospectus is available at this link.

Back to "Contents"

There were 14,208 final terms filed with the Central Bank in 2023. Final terms constitute the commercial terms of the securities under an issuance programme.

Back to “Contents”

Chapter 4

Fitness and Probity

Background

The F&P regime was introduced as part of a comprehensive set of legislative reforms in response to the financial crisis[27]. It is critical for the protection of the public interest and ensuring that there is public trust and confidence in the financial system. The regime was enhanced in July 2023 by the introduction of the Central Bank (Individual Accountability Framework) Act 2023 and a summary of the implications for firms is provided later in this chapter.

The core function of the F&P regime is to ensure that individuals in key and customer facing positions - referred to in the legislation as Controlled Functions ("CFs") and PCFs within a regulated financial service provider and certain holding companies are competent and capable, honest, ethical and of integrity and also financially sound.

Further information is available here.

The Fitness and Probity Standards set out the minimum standards of fitness and probity with which individuals performing CFs or PCFs must comply.

2023 Overview

Table 2 – PCF applications by status in 2023[28]

PCF application by status in 2023	
Total Received	3359
Approved	2603

[27] Part 3 of the Central Bank Reform Act 2010 introduced on 1 October 2010.
[28] There were no PCF refusals in 2023.

Back to "Contents"

Returned as Incomplete	361
Withdrawn by applicant	279
Total in progress at Year End	619

The quality of submitted PCF applications has improved since the introduction of a new portal[29] in April 2023, resulting in a reduction of processing timelines. 279 PCF applications were withdrawn by firms, which is in line with previous years. A PCF application may be withdrawn, at any point, throughout the assessment for a number of reasons such as, where individuals decide not to continue with their application, a firm authorisation does not proceed or following challenge from the Central Bank.

361 PCF applications were returned as incomplete. These relate to errors in the initial submission; for example, failure to upload necessary documentation; insufficient due diligence performed by the proposer; applicant applies for the wrong PCF role; or is unable to answer queries regarding key aspects of their F&P requirements. Interviews can be used to support the PCF assessment process and are also required to assess certain PCF roles.[30]

In 2023, all F&P Service Standards for PCF applications assessed were met.

Service Standards did not apply to 38% of PCF applications. Service Standards do not apply when an application is related to a firm authorisation as, in this case, the service standard for the authorisation of the firm applies. Also, service standards do not apply for those applications submitted to the ECB as part of SSM, if a third party reference or an interview is required.

[29] The Central Bank Portal is an on-line web-page for Industry developed for PCF application submission.
[30] In 2023, 126 applicants were involved in the F&P interview process.

Back to “Contents”

In H2 2023, new metrics were introduced in relation to the processing of PCF applications. These are:

1. Average processing time in calendar days; and
2. Percentage of PCF applications approved within 90 days.

The purpose of these new metrics is to increase the transparency of timelines for industry and to manage application timelines.

Both metrics encompass all PCF applications, except those related to a firm authorisation or where the decision maker is the European Central Bank ("ECB"). These metrics do not operate on a "stop the clock" basis. The average processing time for PCF applications in H2 2023 was 24 calendar days and 98% of PCF applications were processed within 90 days. Those applications which went beyond 90 days for approval required further scrutiny due to factors specific to the application.

Table 3 – Timelines to approve PCF applications in H2 2023:

Calendar Days for PCF approval H2 2023	
1 to 30 days	694
31 to 60 days	153
61 to 90 days	36
91 to 120 days	13
121 to 150 days	2
Over 150 days	0

Independent Review of the Fitness and Probity Approval Process
The F&P approval process has continually evolved and been enhanced over time. However, it is now more than a decade in operation. In March 2024, the Central Bank commissioned an

independent review of the F&P approval process to ensure that it remains effective into the future. The findings of the review will be will be published in Q3 2024.

Individual Accountability Framework

The Central Bank (Individual Accountability Framework) Act 2023 (the "IAF" Act) was signed into law on 9 March 2023 and was partially commenced on 19 April 2023. The IAF sets out the Central Bank's expectations relating to four key elements:

- Senior Executive Accountability Regime ("SEAR") which ensures clearer accountability by imposing obligations on in-scope firms and senior individuals within them to set out clearly where responsibility and decision-making lies for their business;
- Conduct Standards which set out the standards of behaviour the Central Bank expects of firms and the individuals working within them as directly applicable and enforceable legal obligations;
- Enhancements to the current F&P regime to strengthen the onus on firms to proactively assess individuals in controlled functions on an ongoing basis, and to address some current limitations of the F&P regime; and
- An improved enforcement process, to ensure that we can pursue individuals directly for their misconduct rather than only where they have participated in a firm's wrongdoing Administrative Sanctions Procedure ("ASP").

On 29 December 2023, holding companies for Banking, Insurance and MiFID were included under the F&P regime and new PCF roles were introduced for Head of Material Business Lines for Insurance and Investment Firms under IAF legislation.

Back to "Contents"

The Certification regulations also came into effect including CF role-holders as well as PCF role holders. Firms will be required to certify all CFs and PCFs in an annual submission to the Central Bank from 2025.

From 1 July 2024, SEAR will come into effect and in-scope Insurance, Banking and Investment firms must keep a record of the Statement of Responsibilities ("SOR") for all PCF role holders and a responsibility map detailing the overall responsibilities allocated across the firm.

New entrants must submit a SOR with their PCF IQ application and firms must submit the relevant information at the request of the Central Bank through the Bank's portal.

Back to "Contents"

Appendix 1

Common challenges experienced by firms in the authorisation process

Challenges	Description
Business Models	An inability to describe the proposed business model, with clarity on underlying assumptions made, and customer offering, may result in a prolonged assessment. Similarly, substantial changes made by firms during the course of the assessment to their proposed business model, may cause an extended assessment period.
Delays in Responding	We have, in a number of cases, experienced long delays by firms in responding to queries or providing clarifications to questions posed during the authorisation process.
Governance	Lack of substantive presence and adequate staffing for both PCF and non-PCF roles in the jurisdiction.
Inadequate Preparation and Application Completeness	Firms which have made the necessary senior appointments at the application point generally submit a more complete application which has been subject to appropriate review and, therefore, tend to progress through the authorisation process in a more timely manner.
Localised Risk Frameworks	The Central Bank has experience of supervising many international financial services firms with various structures. However, we expect local risk frameworks, tailored to the entity that is seeking authorisation, to be in place to ensure all risks are managed. In many cases, this has not been appropriately considered by firms and, there is an overreliance on group risk frameworks which do not achieve that outcome.

Back to “Contents”