

Electronic Money Institution authorisations in Ireland

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INTRODUCTION

- Ireland's strong technology and financial services sectors make Ireland a natural choice for establishing an electronic money institution ("**E-Money Institution**") to service EU/EEA customers.
- E-Money Institutions are regulated entities which are authorised to issue electronic money and provide payment services.
- Authorisations from the Central Bank of Ireland (the "**CBI**") as an E-Money Institution are granted under the European Communities (Electronic Money) Regulations 2011 ("**E-Money Regulations**") which transposed the Second Electronic Money Directive into Irish law.
- William Fry has acted for one-third of the E-Money Institutions which have been granted authorisation in Ireland to date on their applications for authorisation as an E-Money Institution.

TYPES OF E-MONEY INSTITUTION AUTHORISATION

- Two types of authorisations are available – **E-Money Institutions** and **Small E-Money Institutions**.
- **E-Money Institutions** have the ability to passport their services across the EU and their applications must comply with the full set of authorisation requirements set out in the E-Money Regulations.
- **Small E-Money Institutions** may be exempted from many (though not all) of the authorisation requirements but their authorisation will be limited as a result. They must not execute more than €3 million in monthly payment transactions and they are not able to passport their payment services outside of Ireland.

PROCESS AND TIMELINES

Stage	Timeline
Initial preparation of application for authorisation	Up to 2-3 months may be required to prepare a sufficiently detailed application for submission to the CBI.
Key Facts Document	At least 5 working days prior to the pre-application meeting, the applicant must return a Key Facts Document. This document should contain a summary overview of the applicant's proposed arrangements, including organisational and shareholder charts.
Pre-application meeting between CBI and applicant	Draft application should be at an advanced stage when this meeting takes place.
Submission of completed application to CBI	CBI will acknowledge receipt within 3 working days.
Key information check	Within a further 10 working days, the CBI assesses whether the application submission contains the key information and documentation required to progress to the assessment phase.
Assessment phase	The CBI has committed to completing the assessment phase within 90 working days of receipt of the completed application. However, if the CBI seeks further information, this 90 day 'clock' is paused until such information is received by the CBI.
Notification of assessment phase.	The CBI will notify the applicant of whether its assessment of the application is favourable or not. A further round of submissions may be required from the applicant.
Notification of decision in respect of the application	The CBI's final decision in respect of the application is made (i.e. approval; approval subject to conditions; or refusal).

MAIN FEATURES OF THE APPLICATION

- Fully completed and signed application form.
- Identification details of applicant.
- Programme of Operations.
- Business plan.
- Structural organisation.
- Evidence of initial capital
- Measures to safeguard the funds of electronic money users.
- Governance arrangements and internal control mechanisms.
- Procedures for monitoring, handling and following up on security incidents and security-related customer complaints.
- Process for filing, monitoring, tracking and restricting access to sensitive payment data.
- Business continuity arrangements.
- The principles and definitions applicable to the collection of statistical data on performance, transactions and fraud.
- Security policy document.
- Internal control mechanisms to comply with obligations in relation to money laundering and terrorist financing.
- Identity of statutory auditors and audit firms.
- Shareholder information including group structure and required supporting documentation.
- Professional indemnity insurance.
- Completed Individual Questionnaires for all proposed holders of functions requiring prior CBI approval (e.g. directors and certain senior managers).
- Detailed policies and procedures.
- Minimum standards to safeguard client funds.

KEY ISSUES FOR THE APPLICANTS

1 SUBSTANCE IN IRELAND

“Mind and management” must be based in Ireland including board meetings and heads of certain senior management functions (finance, legal, compliance, risk) located in Ireland.

2 OUTSOURCING

Firms must demonstrate adequate supervision and oversight of outsourced functions through comprehensive outsourcing agreements which are compliant with regulatory requirements.

3 SHAREHOLDERS

Detailed information will be required regarding qualifying shareholders, including direct, indirect, legal and beneficial qualifying shareholders all the way up the chain of ownership.

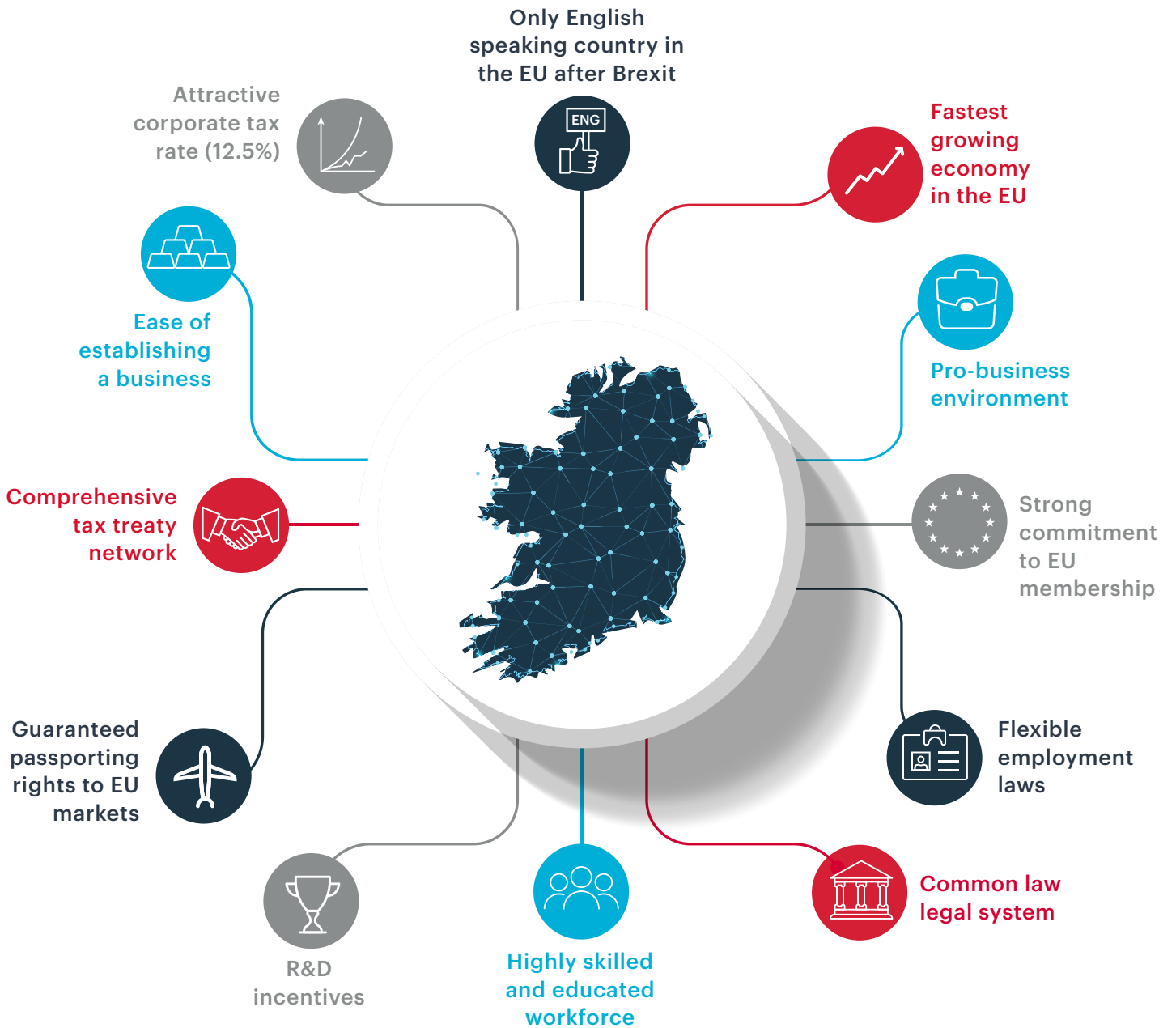
4 CONDUCT OF BUSINESS AND SAFEGUARDING CLIENT FUNDS

Firms must evidence compliance with Irish regulatory conduct of business rules and minimum standards for safeguarding client funds.

HOW CAN WILLIAM FRY ASSIST YOU?

William Fry’s Financial Regulation Unit has vast experience of working with applicants’ in-house teams to navigate the authorisation process efficiently and cost-effectively. We can advise you on all aspects of your application for authorisation as an E-Money Institution in Ireland. Please contact Shane Kelleher, Louise McNabola or any member of William Fry’s Financial Regulation Unit for legal advice.

WHY ARE FIRMS CHOOSING IRELAND



CONTACT US

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