

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 (**Central Bank**) 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	Target Timelines
Initial preparation of application for authorisation	Up to 2-3 months may be required to prepare a sufficiently detailed application for submission to the Central Bank.
Arrange an initial meeting	Contact the Central Bank's Payments Authorisation Team by email to arrange an initial meeting.
Key Facts Document	At least 5 working days prior to the initial meeting, the applicant must return a Key Facts Document to the Central Bank. This document should contain a summary overview of the applicant's proposed arrangements, including organisational and shareholder charts.
Initial meeting between Central Bank and applicant	The initial meeting is an opportunity for the applicant and the Central Bank to discuss the contents of the Key Facts Document. The initial meeting also provides the applicant with the opportunity to raise questions relating to the authorisation/registration process and any specific requirements concerning its business model. The Central Bank may highlight initial matters or areas of focus which might need to be addressed by the applicant.
Key information check and initial assessment	The Central Bank aims to check that all required documentation has been provided within 10 working days of receipt of the application. The Central Bank will then conduct an initial assessment of the submission.
Notification of progression or issues identified	The Central Bank will notify the applicant of the outcome of the initial assessment which is either (i) progression (i.e. that the application can progress to the assessment stage and a case manager is assigned) or (ii) issues have been identified precluding progression (i.e. that the application cannot progress to the assessment stage and the reasons for this decision). In the latter case, the applicant will have an opportunity to address the issues identified (through written submissions and/or meetings).

<p>Assessment stage</p>	<p>The Central Bank aims to complete the assessment stage and notify the applicant of the outcome within 90 working days of commencing the assessment stage. However, if the Central Bank seeks further information, this 90 working day clock is paused until a satisfactory response is received by the Central Bank.</p> <p><i>Note:</i> In certain circumstances (for example, if significant legal issues arise and/or there are significant changes to the business model), the 90 working day clock can be switched off entirely.</p>
<p>Notification of assessment stage</p>	<p>The Central Bank will notify the applicant of whether its assessment of the application is favourable (Minded to Authorise/Register letter) or not (Minded to Refuse letter). A further round of submissions may be required from the applicant.</p>
<p>Notification of decision in respect of the application</p>	<p>The Central Bank aims to notify the applicant of the outcome within 10 working days of receipt of a satisfactory response to matters detailed in the Minded to Authorise/ Register letter final decision in respect of the application is made (i.e. approval; approval subject to conditions; or refusal).</p>

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 Central Bank 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.

5 GOVERNANCE

Firms should ensure that the Board is of sufficient size and expertise with an appropriate balance of executive, non-executive and independent non-executive directors, each of whom have the relevant experience and knowledge of the firm and sector to adequately oversee the operations of the firm.

6 STAFFING AND SENIOR APPOINTMENTS

Firms should ensure that proposed resourcing of the firm is adequate and mapped to the proposed operations and management of risks. Candidates for Pre-approval Control Function (PCF) roles should be identified and proposed early in the process (where possible) and possess the necessary qualifications, skills and experience to perform the role.

7 BUSINESS MODEL AND FINANCIAL PROJECTIONS

Firms must be able to clearly demonstrate the viability and sustainability of their strategy, business model and financial projections for the first three years of operation.

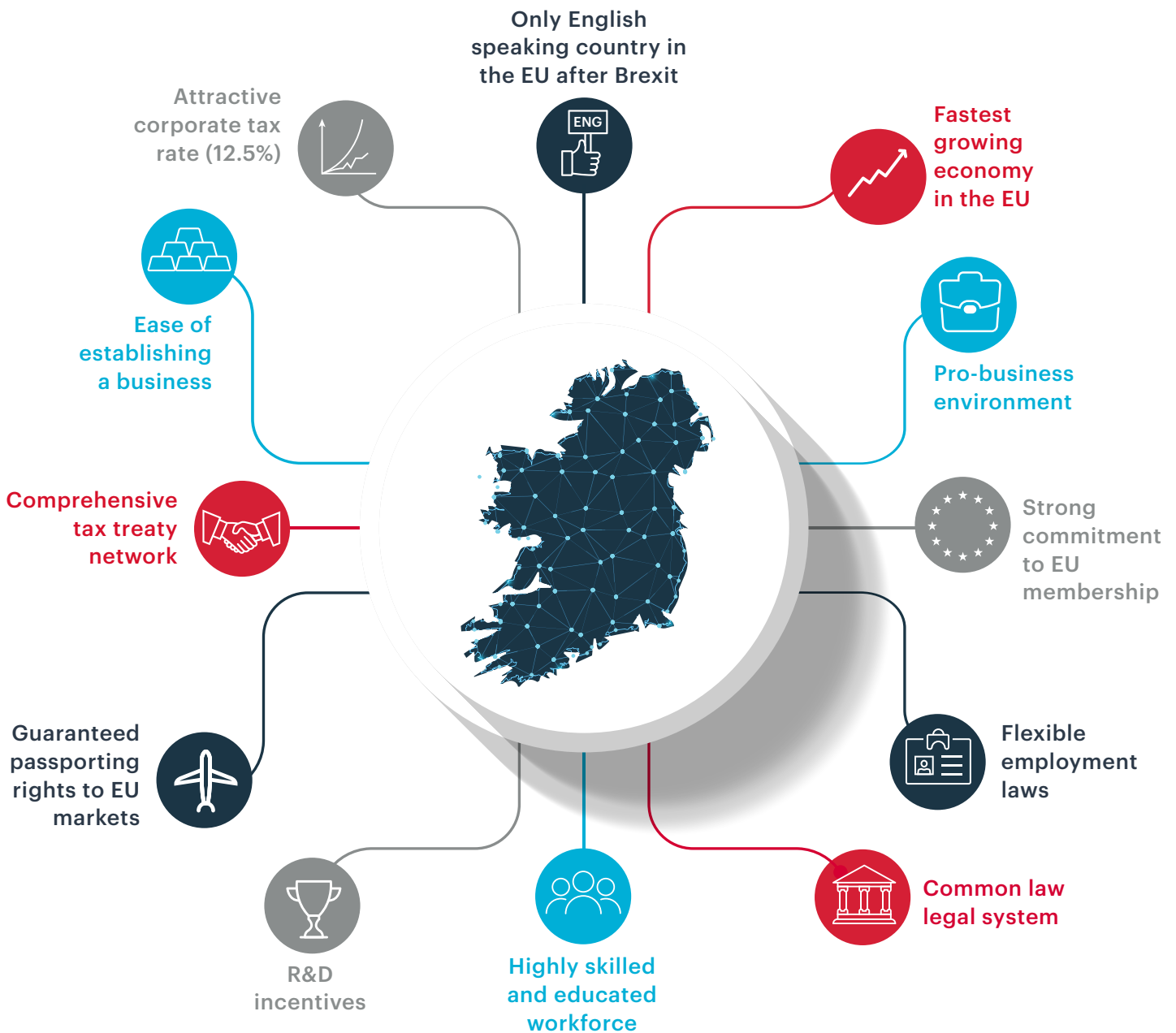
8 LOCALISED RISK FRAMEWORKS

Firms should have local risk frameworks in place rather than group risk frameworks which do not effectively manage local risks.

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 Payment Institution authorisation 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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