

EBA/CP/2016/19

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08 November 2016

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## Consultation Paper

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Draft Regulatory Technical Standards under Article 8(2) of Directive 2013/36/EU on the information to be provided for the authorisation of credit institutions, the requirements applicable to shareholders and members with qualifying holdings and obstacles which may prevent the effective exercise of supervisory powers

Draft Implementing Technical Standards under Article 8(3) of Directive 2013/36/EU on standard forms, templates and procedures for the provision of the information required for the authorisation of credit institutions

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# 1. Responding to this consultation

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The European Banking Authority (EBA) invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 6.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices EBA should consider.

## Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 08.02.2017. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

## Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by EBA's Board of Appeal and the European Ombudsman.

## Data protection

The protection of individuals with regard to the processing of personal data by EBA is based on Regulation (EC) N° 45/2001 of the European Parliament and of the Council of 18 December 2000 as implemented by EBA in its implementing rules adopted by its Management Board. Further information on data protection can be found under the Legal notice section of the EBA website.

## 2. Executive Summary

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Pursuant to Article 8 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, EBA is required to develop Regulatory Technical Standards and Implementing Technical Standards dealing with matters pertaining to the authorisation of credit institutions by Member States. This consultation paper sets out the EBA proposals to fulfil these mandates.

The draft Regulatory Technical Standards prepared by EBA pursuant to Article 8(2) of Directive 2013/36/EU include a comprehensive list of information to be provided in an initial application by undertakings seeking to obtain the authorisation referred to in Article 8(1) of Directive 2013/36/EU. Such information concerns matters such as the identification details and historical information regarding the applicant credit institution, including its existing licences, where applicable, significant events, the proposed activities to be carried out by the applicant credit institution, information on own funds, shareholders and persons with close links, as well as information concerning the programme of operations, the financial situation of the applicant credit institution and its compliance function, internal audit, policies and infrastructure. Furthermore, flexibility is provided, in accordance with clear criteria, allowing competent authorities to vary the scope of required information. The draft Regulatory Technical Standards do not prejudice the competent authority's right to request clarification or additional information that may be required following a review of the information provided in accordance with the draft Regulatory Technical Standards.

With regard to the desired degree of flexibility in the draft Regulatory Technical Standards, this Consultation Paper is seeking input on whether the technical standards should provide a special option by permitting information to be submitted in a sequenced manner. This so-called sequencing process is further described in the explanatory box at the end of Article 11 of the Regulatory Technical Standards.

The draft Regulatory Technical Standards also set out requirements applicable to the proposed shareholders and members with qualifying holdings of the applicant credit institution. In keeping with the provisions of Article 14(2) of Directive 2013/36/EU, the requirements closely follow the criteria set out in Article 23(1) of the Directive in respect of proposed acquirers of qualifying holdings following the authorisation of the applicant credit institution. Finally, the draft also specifies obstacles that could prevent the effective exercise of the supervisory functions, including examples thereof.

The draft Implementing Technical Standards prepared by EBA pursuant to Article 8(3) of Directive 2013/36/EU set out a form to be used by applicants seeking to obtain the authorisation referred to in Article 8(1) of Directive 2013/36/EU, as well as relevant procedures and requirements relating to the submission of such applications and to the approach to be taken in respect of incomplete applications.

## Next steps

Following the conclusion of the consultation period, the draft Regulatory Technical Standards and the draft Implementing Technical Standards will be finalised and submitted to the European Commission.

## 3. Background and rationale

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1. In order to further the achievement of the internal market from the point of view of the freedom of establishment in the field of credit institutions and to ensure a level playing field, Directive 2013/36/EU foresees the harmonisation of certain conditions relevant to the authorisation of credit institutions.
2. Therefore, pursuant to Article 8(2) of Directive 2013/36/EU, EBA shall draft Regulatory Technical Standards (RTS) to specify:
  - a. the information to be provided to the competent authorities in the application for the authorisation of credit institutions, including the programme of operations provided for in Article 10 of Directive 2013/36/EU;
  - b. the requirements applicable to shareholders and members with qualifying holdings pursuant to Article 14 of Directive 2013/36/EU; and
  - c. obstacles which may prevent effective exercise of the supervisory functions of the competent authority, as referred to in Article 14 of Directive 2013/36/EU.
3. Furthermore, pursuant to Article 8(3) of Directive 2013/36/EU, EBA shall develop draft Implementing Technical Standards (ITS) on standard forms, templates and procedures for the provision of the information referred to in point (a) of paragraph 2 above.
4. Power is delegated to the Commission to adopt the Regulatory Technical Standards and the Implementing Technical Standards contemplated in paragraphs 2 and 3 above.
5. This paper sets out for the purposes of consultation the draft Regulatory Technical Standards and Implementing Technical Standards prepared by EBA pursuant to the mandates set out in Article 8(2) and in Article 8(3) of Directive 2013/36/EU.
6. The RTS set out the necessary set of information to be provided in the applications for the authorisation of credit institutions. The aim of the RTS is to harmonise the information requirements applicable to applications for the authorisation of credit institutions and the RTS are therefore intended to ease the application process, as the information to be provided will be harmonised across all EU Member States.
7. Considering the sensitive nature of the activity of a credit institution and the applicable regulatory regime, an application for authorisation of a credit institution needs to be supported by a substantial amount of information. The RTS seek to structure such information, which touches upon matters such as the presentation and history of the applicant credit

institution, the activities contemplated to be carried out by the applicant credit institution, own funds, shareholders with qualifying holdings or otherwise the 20 largest shareholders, the management body, the heads of internal control function and the chief financial officer, the programme of operations, the auditors, the organisational structure and the internal control systems of the applicant credit institution, financial and recovery matters as well as the internal control framework and infrastructure of the applicant credit institution.

8. During the development of these RTS, EBA took into account a number of related regulatory products. Thus, the list of information to be provided in respect of shareholders and members with qualifying holdings took into account as a starting point the proposals outlined in the draft EBA, ESMA and EIOPA Joint Guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector. Furthermore, the draft Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU, which are developed in parallel, were also taken into account.
9. The RTS recognise that a measure of flexibility might be needed, so as to ensure that the requirements can be calibrated to the nature of the application and thereby avoid a situation in which the competent authority is not permitted to require information which is needed to assess the application. This is particularly relevant considering the provisions of Article 8(1) CRD, pursuant to which Member States are mandated to lay down the requirements for the authorisation of credit institutions – hence the requirements set out in national law pursuant to Article 8(1) of Directive 2013/36/EU are reflected. The RTS seek to strike a balance between these considerations and the need to ensure that the objective of a unified set of information requirements should not be jeopardised.
10. As such, the RTS seek to provide the required measure of flexibility, as follows:
  - a. Article 11(1) sets out conditions for requiring information which is additional to that which is set out in the RTS; and
  - b. Article 11(2) specifies the information which, although set out in the RTS, need not be provided under certain well-defined circumstances.
11. Regarding the mandate set out in Article 8(2)(b) of Directive 2013/36/EU, the RTS reflect in Article 12 the position that the requirements applicable to shareholders and members with qualifying holdings upon the initial granting of an authorisation of credit institution should be aligned to the requirements applicable to an acquisition of a qualifying holding after such authorisation is obtained, as expressed in Article 23 of Directive 2013/36/EU and in keeping with the provisions of Article 14 of Directive 2013/36/EU. Furthermore, the RTS seek to provide further clarity in Article 13 on the obstacles that could prevent the effective exercise of the supervisory functions.

12. The Implementing Technical Standards developed pursuant to Article 8(3) of Directive 2013/36/EU seek to set out a clear procedure for submitting the application for authorisation. The process contemplated in the ITS deals with the submission of the application, its completeness and its accuracy.
13. Furthermore, the annex to the ITS sets out a form to be used for providing the information contemplated in the RTS. The form recognises the fact that various items might not be adequately covered in the space provided in the body of the application and, thus, encourages the use of annexes where needed. The items listed in the form track the requirements set out in the RTS.
14. It is acknowledged that it might take some time for applicants and for competent authorities to become familiar with the requirements of the RTS and of the ITS. Considering this, both technical standards are expressed to apply from the date which is six months after the date of entry into force and to applications submitted after such date.
15. Other relevant guidelines being developed concurrently (the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU and the EBA Guidelines on the Authorisation of Payment Institutions) will be considered in the finalisation of the Regulatory Technical Standards, with a view to achieving consistency where deemed suitable.



## 4. Draft Regulatory Technical Standards

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**DRAFT COMMISSION DELEGATED REGULATION (EU) No .../..**

**supplementing Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 with regard to regulatory technical standards in respect of the information to be provided in the application for the authorisation of credit institutions, the requirements applicable to shareholders and members with qualifying holdings and obstacles which may prevent the effective exercise of supervisory powers**

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, and in particular Article 8(2) thereof,

Whereas:

1. The information submitted to the competent authorities in the application for the authorisation referred to in Article 8(1) of Directive 2013/36/EU should enable the competent authorities to carry out a comprehensive assessment of the applicant credit institution in order to be satisfied that it meets the requirements for the granting of the authorisation, with a view to ensuring the sound and prudent management of the credit institution. For this purpose, the information to be submitted should cover a wide range of elements, in particular details for identifying the applicant credit institution, including those past events having occurred in respect of the applicant credit institution or, where relevant, its subsidiaries and which relate to the issues addressed in this Regulation and may be relevant to the competent authorities in assessing whether to grant the authorisation.
2. Depending on the specific provisions in the Member States regulating the authorisation process, without prejudice to the provisions of this Regulation, a reference to ‘applicant credit institution’ needs to be read as a reference to the credit institution to be established based on the authorisation to be provided by the competent authority, to the entity which applies for such an authorisation to become a credit institution or, as the case may be, to the credit institution which applies for the authorisation. References to shareholders or members of the credit institution

need to be read as references to those natural or legal persons that have a holding in the applicant credit institution or that, as a result of authorisation, will have a holding in the credit institution.

3. For the purposes of assessing the past events relating to the applicant credit institution and the suitability of shareholders and members of the applicant credit institution, of the members of the management body and of the heads of internal control function, being the persons in charge of effectively conducting the sound operation of the risk management, compliance and audit function and that are not members of the management body and, where appointed and not a member of the management body, the chief financial officer, being the person that is primarily responsible for managing the financial resources and risks, financial planning, reporting and record-keeping, subject to professional secrecy and data protection requirements, the application should provide to the competent authorities the information specified in this Regulation which is relevant to that assessment, including past convictions.
4. Competent authorities should be in a position to assess the business model and associated risk profile of the applicant credit institution with a view to protecting all stakeholders involved, including, in particular, depositors, and to ensuring the stability of the financial markets in which the applicant credit institution will operate. To this end, the application should provide a detailed description of the activities that will be performed by the applicant credit institution, including details of the activities subject to mutual recognition in Annex I to Directive 2013/36/EU. Furthermore, without prejudice to the eligibility of deposits in accordance with Directive 2014/49/EU of the European Parliament and the Council on deposit guarantee schemes<sup>1</sup>, information should be provided in relation to the membership of the applicant credit institution to a recognised deposit guarantee scheme.
5. Competent authorities should be in a position to establish the quality, origin and composition of the applicant credit institution's own funds, as well as the prospective compliance of the applicant credit institution with prudential requirements. To this end, the application should provide the competent authorities with detailed information regarding the amount of capital issued or to be issued and the composition of own funds and evidence, where relevant, that the initial capital will be paid in full before the granting of the authorisation. The application should also provide information on the origin of funds, as specified in this Regulation, so as to ensure that the competent authority is satisfied that the activity that generated the funds is legitimate, and present an assessment of the types and distribution of

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<sup>1</sup> Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173 of 12.6.2014, p. 149–178).

internal capital as a matter of going concern and in a stressed scenario.

6. With a view to ensuring transparency of the shareholding structure and the sound and prudent management of the applicant credit institution and to prevent criminals and their associates from holding, or being the beneficial owners of, qualifying holdings in credit institutions, the application should provide information relating to the persons that have or will, in case of authorisation, have qualifying holdings in the credit institution, so as to enable competent authorities to assess such persons, including their integrity. Article 16 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council empowers the European Banking Authority (EBA) to issue guidelines to ensure the common, uniform and consistent application of Union law and requires that competent authorities and financial institutions to which such guidelines are addressed make every effort to comply with such guidelines. To the extent that it is not covered by this Regulation and to the extent relevant, competent authorities should take into account, in accordance with that Article, the guidelines on the prudential assessment of qualifying holdings jointly issued by the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority by making every effort to comply with those guidelines, in line with Article 16(3) of Regulation (EU) No 1093/2010.
7. In the absence of qualifying holdings, information relating to the persons who are or will, in case of authorisation, become the 20 largest shareholders or members of the credit institution should be provided, as specified in this Regulation, in order to enable competent authorities to assess the suitability of those shareholders and members, taking into account the need to ensure the sound and prudent management of the credit institution.
8. The existence of close links between natural or legal persons and the credit institution may prevent the effective exercise of supervision. Competent authorities should be provided with information relating to each person who has or will, in case of authorisation, have close links with the credit institution.
9. The information provided with the application should be adequate to allow competent authorities to assess the reputation, honesty, integrity, independence of mind and time commitment of each member of the management body, as well as the knowledge, skills and experience of the members of the management body, both individually and collectively. It should also allow competent authorities to assess the reputation, knowledge, skills and experience of the heads of internal control functions and the chief financial officer of the applicant credit institution, in order to ensure the sound and prudent management and robust governance of the credit institution from the outset and in accordance with the requirements that a credit

institution has to meet as a matter of on-going supervision.

10. Financial information concerning the applicant credit institution and a programme of operations setting out the envisaged type of business and structural organisation should be submitted with the application in order to enable the competent authorities to assess the applicant credit institution's financial soundness and its governance arrangements, including in respect of anti-money laundering and counter terrorist financing.
11. Having regard to the importance of the credit institution operating in the market without adverse effects on financial stability, the applicant should provide, at the time of the application, recovery information on the actions that are envisaged to be adopted in case of financial distress of the credit institution.
12. Competent authorities should be allowed to require information that is additional to that which is required pursuant to this Regulation, subject to specific conditions ensuring that the request is proportionate and relevant for purposes of the assessment of the authorisation, is not duplicative and is consistent with the requirements and the related information provided by Member States for the granting of authorisation and to be notified to the EBA pursuant to Article 8(1) of Directive 2013/36/EU.
13. Competent authorities should be able to waive the requirement to submit information that they already possess or certain information which is solely relevant for activities the applicant credit institution will not be carrying out. In any case, it is important that the information relevant for the granting of the authorisation be true, accurate, complete and up to date from the moment of the application until the commencement of activities. For this purpose, the competent authorities should be informed of any changes to the information provided in the initial application and the competent authorities should be able to enquire whether any changes or updates have occurred before commencement of the activities. Where permitted by and in accordance with the law of the Member States, competent authorities should also be able to accept declarations concerning the legal status, the qualifications and the history of natural and legal persons, provided that the declared information is true, accurate, complete and up to date and that, where the law of the Member States so requires, is replaced with the provision of the original documents at a later stage.
14. This Regulation should not prevent competent authorities from requesting such specific clarifications or additional information regarding the individual application as may be required following a review of the information provided in accordance with this Regulation, for the purposes of taking a decision to grant or refuse the authorisation.

15. Competent authorities should be in a position to assess whether there are any obstacles that could prevent the effective exercise of the supervisory functions, taking into account all relevant information, circumstances or situations.
16. The requirement laid down in this Regulation should be read consistently with the provisions on the establishment and operation of a bridge institution. Subject to the provisions specified in Directive 2014/59/EU, where necessary to meet the resolution objectives, the bridge institution may be established and authorised without complying with Directive 2013/36/EU and with the provisions of this Regulation for a short period of time at the beginning of its operation.
17. All processing of personal data by competent authorities pursuant to this Regulation is subject to the rules resulting from Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.
18. The provisions in this Regulation should be read along with the provisions in Commission Implementing Regulation (EU) No XX/2017 adopted pursuant to Article 8(3) of Directive 2013/36/EU.
19. In order to allow competent authorities and applicants to prepare to comply with new requirements, it is important that this Regulation applies from the date which is 6 months after the entry into force of this Regulation and to the applications submitted after such date.
20. This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.
21. The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010.

HAS ADOPTED THIS REGULATION:

Article 1  
**Subject matter**

This Regulation lays down requirements for access to the activity of credit institutions in relation to:

- (1) the information to be provided to the competent authorities in the application for the authorisation of credit institutions;
- (2) the requirements applicable to shareholders and members with qualifying holdings of the credit institution; and
- (3) obstacles which may prevent effective exercise of the supervisory functions of the competent authority.

## **Section 1**

### **INFORMATION AND DOCUMENTS TO BE PROVIDED AS PART OF THE AUTHORISATION APPLICATION**

#### Article 2

#### **Presentation and history of the applicant credit institution**

The application shall set out all of the following information and documents:

- (1) the name and contact details of the person to contact regarding the application and of the principal professional adviser used to prepare the application, if any;
- (2) the following information on the identity of the applicant credit institution:
  - (a) its current name and information on any plan to change it, its logo and any trading name that the applicant credit institution uses or plans to use;
  - (b) its legal form;
  - (c) the date and jurisdiction of its incorporation or formation;
  - (d) the addresses of its registered office and, where different, of its head office, where available, and principal place of business;
  - (e) its contact details, if different from the contact details provided under point (1);
  - (f) where the applicant credit institution is registered in a central register, commercial register, companies register or similar public register, the register in which the applicant credit institution is entered and the registration number or an equivalent means of identification in that register;

- (g) where available, its Legal Entity Identifier (LEI);
  - (h) its accounting year-end; and
  - (i) where available, its website address;
- (3) the articles of association of the applicant credit institution or equivalent constitutional documents and, where applicable, evidence of registration with the register designated by the law of the relevant Member State in accordance with Article 3 of Directive 68/151/EEC<sup>2</sup>;
- (4) where the applicant credit institution has previously carried out commercial or other activities, the history of the applicant credit institution and of its subsidiaries, including all of the following information, where applicable:
- (a) details of any membership of the applicant credit institution or of any of its subsidiaries to any industry association and of any licence, authorisation, registration or other permission to carry out activities in the financial services sector by an authority or other public sector entity in any Member State or third country and which falls within one or more of the following categories:
    - i. it is currently held;
    - ii. an application is pending for approval or was refused;
    - iii. it was revoked; or
    - iv. after being applied for or granted, the applicant credit institution, or a subsidiary of the applicant credit institution, decided not to proceed with it;
  - (b) any significant event relating to the applicant credit institution or to any of its subsidiaries which has taken place or is taking place and which may reasonably be considered to be relevant to the authorisation, including each of the following matters:
    - i. whether the applicant credit institution or any of its subsidiaries has ever been subject to a declaration of a moratorium of any indebtedness,

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<sup>2</sup> Council Directive 68/151/EEC of 9 March 1968 on co-ordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community (OJ L 65, 14.3.1968, p. 8–12).



to a restructuring or reorganisation process affecting its creditors, including measures involving the possibility of a suspension of payments, suspension of enforcement measures or reduction of claims, to a dissolution, to winding-up proceedings within the meaning specified in Article 2 of Directive 2001/24/EC or to administration or other insolvency or similar proceedings;

- ii. whether the applicant credit institution or any of its subsidiaries has ever been the subject of any administrative penalty or civil or administrative judgment or arbitration award which may reasonably be considered to be relevant to the authorisation or of any judgment on the commission of a criminal offence, in each case resulting in a finding against the applicant credit institution or any of its subsidiaries, which was not set aside and against which no appeal is pending or may be filed (except in the case of administrative penalties imposed under Article 65, 66 or 67 of Directive 2013/36/EU and of criminal convictions, in respect of which information shall also be provided for rulings still subject to appeal), including, in particular:
- any unsatisfied judgments or awards outstanding against the applicant credit institution or any of its subsidiaries;
  - any settlements reached by the applicant credit institution or any of its subsidiaries with any legal or natural person which may reasonably be considered to be relevant to the authorisation, having regard to the monetary terms of the settlements or to the circumstances in which they have been reached, in a subject matter which relates to the financial services sector;
  - any criminal conviction or civil or administrative penalty or other civil or administrative measure taken by any authority in respect of fraud, dishonesty, corruption, money laundering, terrorist financing or other financial crime or of failure to put in place adequate policies and procedures to prevent such events;
  - any criminal conviction or civil or administrative penalty or other civil or administrative measure taken by any authority in the financial services sector or which concerns matters which may reasonably be considered to be relevant to the authorisation;
  - any criminal conviction or civil or administrative penalty or other civil or administrative measure in respect of a breach of legislation

or regulatory requirements relating to the financial services sector or to consumer protection;

- any other formal complaints made against it by its clients or former clients which have been resolved in favour of the complainant by a non-judicial third party and which may reasonably be considered to be relevant to the authorisation; and
  - any criminal conviction or civil or administrative penalties or other civil or administrative measures in respect of the carrying out of any unauthorised regulated activity; and
- iii. whether the applicant credit institution or any of its subsidiaries is, as of the date of the application, involved in any proceedings, criminal, civil or administrative investigations or other events referred to in any of the items above.

The application shall provide the competent authorities with full details of any of the events listed in this paragraph (b), including the name and address of the relevant criminal court, civil or administrative authority, the date of the event, the amount involved, the outcome and an explanation of the circumstances;

- (5) the elements necessary to calculate the applicable fees where, under national or Union law, any application fee or supervisory fee to be paid by the applicant credit institution is calculated on the basis of the activities or of the characteristics of the credit institution; and
- (6) evidence of payment of any application fee, where applicable under national or Union law.

### Article 3

#### **Scope of the authorisation: contemplated activities**

1. The application shall set out full details of each of the activities that the applicant credit institution intends to carry out, including details on each of the activities listed in Annex I to Directive 2013/36/EU that it intends to carry out.
2. Without prejudice to the eligibility of deposits pursuant to Article 6(1) of Directive 2014/49/EU, the application shall confirm that, before or upon authorisation, the credit institution shall become a member of a deposit guarantee scheme officially recognised in the Member State where the application is submitted, in accordance with Article 4(3) of

Directive 2014/49/EU, and shall specify the identity of the deposit guarantee scheme.

3. The application shall provide details of any institutional protection scheme, as defined in Regulation (EU) No 575/2013, which the applicant credit institution entered into or proposes to enter into.

#### Article 4

##### **Information on own funds**

1. The application shall set out evidence of the applicant credit institution's issued capital, paid-up capital and capital which is not yet paid-up and shall specify the types and amounts of own funds corresponding to the initial capital.
2. Where the initial capital has not been paid up in full at the time of filing the application, the application shall set out the envisaged plan and implementation deadline ensuring that the initial capital is paid-up in full before the granting of the authorisation.
3. The application shall set out information on the available funding sources for own funds and, where available, evidence of the availability of those funding sources. The information shall include:
  - (a) details on the use of private financial resources, including their availability and source;
  - (b) details on access to financial markets, including details of financial instruments issued or to be issued;
  - (c) any agreements and contracts entered into in respect of own funds, including, in relation to borrowed funds or to funds expected to be borrowed, the name of the lenders and the details of the facilities granted, the use of proceeds and, where the lender is not a supervised financial institution, information on the origin of the borrowed funds or on the funds expected to be borrowed;
  - (d) details on the payment service provider, as defined in point (9) of Article 4(1) of Directive 2007/64/EC<sup>3</sup>, used to transfer financial resources to the applicant credit institution.
4. The application shall set out an assessment of the amounts, types and distribution of internal capital that is considered adequate to cover the nature and level of the risks to which the applicant credit institution will be or might be exposed and an analysis,

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<sup>3</sup> Directive 2007/64/EC of the European Parliament and the Council on payment services in the internal market (OJ L 173 of 12.6.2014, p. 149).

including projections, showing that the capital resources will be sufficient to meet the own funds requirement at authorisation and through a severe but plausible stress over at least three years. The stress scenario and methodology shall take into account the scenario and methodology used in the most recent annual supervisory stress test carried out by the competent authority pursuant to Article 100(1) of Directive 2013/36/EU, if any such supervisory stress test was carried out, and the information shall be provided both for the applicant credit institution on an individual basis, as well as for the consolidated situation, if applicable.

## Article 5

### **Information on shareholders or members with qualifying holdings**

1. The application shall set out all of the following information relating to the identity of all natural and legal persons and other entities that have or will, in case of authorisation, have a qualifying holding in the credit institution and to the relevant holding:
  - (a) a chart setting out the shareholder structure of the credit institution, including the breakdown of the capital and voting rights; and
  - (b) a list of the names of all persons and other entities that have or will, in case of authorisation, have qualifying holdings in the credit institution, indicating in respect of each such person or entity:
    - the number and type of shares or other holdings subscribed or to be subscribed;
    - the nominal value of such shares or other holdings;
    - any premium paid or to be paid;
    - any security interests or encumbrances created over such shares or other holdings, including the identity of the secured parties; and
    - where applicable, any commitments made by such persons or entities aimed at ensuring that the credit institution will comply with applicable prudential requirements.
2. Where a person who has or will, in case of authorisation, have a qualifying holding is a natural person, the application shall set out all of the following information relating to the suitability of that person:
  - (a) personal details including the person's name and name at birth, date and place of birth, citizenship, personal national identification number (where available), address, contact details and a copy of an official identity document;

- (b) a detailed curriculum vitae, stating the education and training, previous professional experience and any professional activities or other functions currently performed;
- (c) a statement, accompanied by supporting documents, containing the following information concerning the person and any undertaking which the person directs or controls and of which the applicant is aware after due and careful enquiry:
  - (i) subject to national legislative requirements concerning the disclosure of spent convictions, any criminal conviction or proceedings where the person or undertaking has been found against and which were not set aside;
  - (ii) any civil or administrative decisions in matters of relevance to the assessment or authorisation process where the person or undertaking has been found against and any administrative sanctions or measures imposed as a consequence of a breach of laws or regulations (including disqualification as a company director), in each case which were not set aside and against which no appeal is pending or may be filed (except in the case of administrative penalties imposed under Article 65, 66 or 67 of Directive 2013/36/EU and of criminal convictions, in respect of which information shall also be provided for rulings still subject to appeal);
  - (iii) any bankruptcy, insolvency or similar procedures;
  - (iv) any pending criminal investigations;
  - (v) any civil or administrative investigations, enforcement proceedings, sanctions or other enforcement decisions against the person or undertaking concerning matters which may reasonably be considered to be relevant to the authorisation or to the sound and prudent management of a credit institution;
  - (vi) where such documents can be obtained, an official certificate or any other equivalent document evidencing whether any of the events set out in sub-paragraphs (i)-(v) has occurred in respect of the relevant person or undertaking;
  - (vii) any refusal of registration, authorisation, membership or licence to carry out trade, business or a profession;

- (viii) any withdrawal, revocation or termination of a registration, authorisation, membership or licence to carry out trade, business or a profession;
  - (ix) any expulsion by an authority or public sector entity in the financial services sector or by a professional body or association;
  - (x) any position of responsibility with an entity subject to any criminal conviction or proceedings, administrative investigations, sanctions or other enforcement decisions for conduct failings, including in respect of fraud, dishonesty, corruption, money laundering, terrorist financing or other financial crime or of failure to put in place adequate policies and procedures to prevent such events, held at the time when the alleged conduct occurred, together with details of such occurrences and of the person's involvement, if any, in them; and
  - (xi) any dismissal from employment or a position of trust, any removal from a fiduciary relationship (save as a result of the relevant relationship coming to an end by passage of time) and any similar situation;
- (d) where an assessment of reputation of the person has already been conducted by a competent authority in the financial services sector, the identity of that authority and the outcome of the assessment;
  - (e) the current financial position of the person, including details concerning sources of revenues, assets and liabilities, security interests and guarantees, whether granted or received;
  - (f) a description of the business activities of the person;
  - (g) financial information, including credit ratings and publicly available reports on any undertakings directed or owned by the person;
  - (h) a description of the financial interests of the person, including credit operations, guarantees and security interests, whether granted or received, and of any non-financial interests of the person, including family or close relationships with any of the following natural or legal persons:
    - (i) any other direct or indirect shareholder or member of the applicant credit institution;

- (ii) any person entitled to exercise voting rights of the applicant credit institution;
  - (iii) any member of the management body or of the senior management of the applicant credit institution; or
  - (iv) the applicant credit institution or any other member of its group,
- and, to the extent any conflict of interest arises from such relationships, proposed methods for managing such conflict;
- (i) a description of any links to politically exposed persons, as defined in Article 3(9) of Directive (EU) 2015/849<sup>4</sup>;
  - (j) any other interests or activities of the person that may be in conflict with those of the credit institution and proposed methods for managing those conflicts of interest.
3. Where a person or entity who has or will, in case of authorisation, have a qualifying holding in the credit institution is a legal person or is an entity which is not a legal person and which holds or shall hold the participation in its own name, the application shall set out all of the following information relating to the suitability of that legal person or entity:
- (a) name of the legal person or entity;
  - (b) where the legal person or entity is registered in a central register, commercial register, companies register or similar public register, the register in which the legal person or entity is entered, the registration number or an equivalent means of identification in that register and a copy of the registration certificate;
  - (c) the addresses of its registered office and, where different, of its head office, and principal place of business;
  - (d) contact details;
  - (e) corporate documents or agreements governing the entity and a summary

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<sup>4</sup> Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (OJ L 141 of 5.6.2015, p. 73).

explanation of the main legal features of the legal form or of the entity;

- (f) whether the legal person or entity has ever been or is regulated by a competent authority in the financial services sector or other government body;
- (g) the information referred to in Articles 5(2)(c), 5(2)(d), 5(2)(e), 5(2)(f), 5(2)(g) and 5(2)(i) in relation to the legal person or entity;
- (h) a description of the financial interests of the legal person or entity, of members of the group to which the legal person or entity belongs or of persons who effectively direct the business of the legal person or of the entity, including credit operations, guarantees and security interests, whether granted or received, as well as of any non-financial interests of any such legal person or entity, including, where applicable, family or close relationships, with any of the following natural or legal persons:
  - (i) any other direct or indirect shareholder or member of the applicant credit institution;
  - (ii) any person entitled to exercise voting rights of the applicant credit institution;
  - (iii) any politically exposed person, as defined in Article 3(9) of Directive (EU) 2015/849;
  - (iv) any member of the management body or of the senior management of the applicant credit institution; or
  - (v) the applicant credit institution or any other member of its group,and, to the extent any conflict or interest arises from such relationships, proposed methods for managing such conflict;
- (i) a list of each person who effectively directs the business of the legal person or entity, their name, date and place of birth, address, contact details, their national identification number, where available, and detailed curriculum vitae (stating relevant education and training, previous professional experience, any professional activities or other relevant functions currently performed), together with the information referred to in paragraphs 2(c) and 2(d) in respect of each such person;
- (j) the shareholding structure of the legal person, including at least:



- (i) the name, date and place of birth, address and, where available, personal identification number or registration number and the respective share of capital and voting rights of all of its direct or indirect shareholders or members and beneficial owners, as defined in Article 3(6) of Directive (EU) 2015/849;
- (ii) information on any shareholders agreements; and
- (iii) the information referred to in paragraph (2)(c) in relation to the shareholders exercising or who may exercise significant influence over the legal person;
- (k) in the case of an entity which is not a legal person and which holds or shall hold the participation in its own name, the identity of all members of the entity, together with the information set out in paragraph 2 (if such members are natural persons) or, as the case may be, in this paragraph 3 (if such members are legal persons);
- (l) if the legal person or entity is part of a group (which, for the purpose of this paragraph, shall, in the case of such entities, include the members of the entity and the subsidiaries of such members), a detailed organisational chart of the structure of the group and information on the share of capital and voting rights of shareholders with significant influence over the entities of the group and on the activities currently performed by the entities of the group;
- (m) if the legal person or entity is part of a group, information on the relationships between any credit institution, insurance or re-insurance undertaking or investment firm within the group and any other group entities, and the names of the relevant supervisory authorities;
- (n) if the legal person or entity is part of a group, identification of any credit institution, insurance or re-insurance undertaking or investment firm within the group, the names of the relevant competent authorities, as well as an analysis of the perimeter of consolidated supervision of the credit institution and the group, including information about which group entities would be included in the scope of consolidated supervision requirements and at which levels within the group these requirements would apply on a full or sub-consolidated basis;
- (o) annual financial statements, at the individual and, where applicable, at the consolidated and sub-consolidated group levels, for the last three financial

years, where the legal person or entity has been in operation for that period of time (or such shorter period of time for which the legal person or the entity has been in operation and financial statements were prepared), approved by the statutory auditor or audit firm within the meaning of Directive 2006/43/EC<sup>5</sup>, where applicable, including each of the following items:

- (i) the balance sheet;
- (ii) the profit and loss accounts or income statement;
- (iii) the annual reports and financial annexes and any other documents registered with the relevant registry or competent authority of the legal person.

Where the legal person has not been operating for a sufficient period of time to be required to prepare financial statements for the three financial years immediately prior to the date of the application, the application shall set out the existing financial statements (if any), as well as statements which include the forecast balance sheets and forecast profit and loss accounts or income statements of the relevant person, including planning assumptions used, at least under base case and stress scenarios, for such number of financial years as would ensure that such statements, together with the financial statements provided (if any), cover three consecutive financial years;

- (p) where the legal person or entity has its head office in a third country, the application shall set out at least all of the following information:
  - (i) where the legal person or entity is supervised by an authority of a third country in the financial services sector, a certificate of good-standing, or equivalent where not available, from such foreign authority in relation to the legal person or entity;
  - (ii) where the legal person or entity is supervised by an authority of a third country in the financial services sector and if the authority does issue such declarations, a declaration by that authority that there are no obstacles or limitations to the provision of information necessary for the supervision of the credit institution; and

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<sup>5</sup> Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87–107).

- (iii) general information on the regulatory regime of that third country as applicable to the legal person or entity, including information on the extent to which the third country's anti-money laundering and counter-terrorist financing regime is consistent with the Financial Action Task Force's Recommendations;
- (q) where the legal person is a collective investment undertaking, the application shall set out the following information:
  - (i) the identity of the unit holders controlling the collective investment undertaking or having a holding enabling them to prevent the taking of decisions by the collective investment undertaking;
  - (ii) details of the investment policy and any restrictions on investment;
  - (iii) the name and position of the persons responsible, whether individually or as a committee, for defining and making the investment decisions for the collective investment undertaking, as well as a copy of any management mandate or, where applicable, terms of reference of the committee;
  - (iv) in the case of undertakings which are not domiciled in a Member State, a detailed description of the applicable anti-money laundering legal framework and of the anti-money laundering procedures of the collective investment undertaking; and
  - (v) a detailed description of the performance of former holdings of the collective investment undertaking in other credit institutions, insurance or re-insurance undertakings or investment firms, indicating whether such holdings were approved by a competent authority and, if so, the identity of the authority; and
- (r) where the person is a sovereign wealth fund, the application shall set out:
  - (i) the name of the public body in charge of defining the investment policy of the fund;
  - (ii) details of the investment policy and any restrictions on investment,
  - (iii) the name and position of the individuals responsible for making the investment decisions for the fund; and

(iv) details of any influence exerted by that public body on the day-to-day operations of the fund and the applicant credit institution.

4. The application shall set out all of the following information relating to the participation of each natural or legal person or entity who has or will, in case of authorisation, have a qualifying holding in the credit institution:

- (a) details of that person's or entity's financial or business reasons for owning that holding and the person's or the entity's strategy regarding the holding, including the period for which the person or the entity intends to hold the holding and any intention to increase, reduce or maintain the level of the holding in the foreseeable future;
- (b) details of the person's or the entity's intentions in respect of the credit institution and of the influence the person or the entity intends to exercise over the credit institution, including in respect of the dividend policy, the strategic development and the allocation of resources of the credit institution, whether or not it intends to act as an active minority shareholder and the rationale for such intention;
- (c) information on the person's or the entity's willingness to support the credit institution with additional own funds if needed for the development of its activities or in case of financial difficulties;
- (d) the content of any intended shareholder's or member's agreements with other shareholders or members in relation to the applicant credit institution;
- (e) an analysis as to whether the qualifying holding will impact in any way, including as a result of the person's close links to the applicant credit institution, on the ability of the applicant credit institution to provide timely and accurate information to the competent authorities; and
- (f) the identity of each member of the management body or of senior management who will direct the business of the applicant credit institution and will have been appointed by, or following a nomination from, such shareholders or members, together with, to the extent not already provided, the information set out in paragraphs (a)-(f) of Article 7(1).

5. The application shall set out a detailed explanation on the specific sources of funding for the participation of each person or entity having a qualifying holding, which shall include:

- (a) details on the use of private financial resources, including their availability and (so as to ensure that the competent authority is satisfied that the activity that generated the funds is legitimate) source;
  - (b) details on the means of payment of the intended participation, of the payment service provider used to transfer funds and, where the head office of the payment service provider is not established in a Member State, evidence that the funds used for the participation are channelled through payment service providers that are subject to anti-money laundering and terrorist financing legislative requirements consistent with those set out in Directive (EU) 2015/849, and are supervised effectively for compliance with these requirements;
  - (c) details on access to financial markets, including details of financial instruments to be issued;
  - (d) information on the use of borrowed funds, including the name of the lenders and details of the facilities granted, such as maturities, terms, security interests and guarantees, as well as information on the source of revenue to be used to repay such borrowings. Where the lender is not a credit institution or a financial institution authorised to grant credit, the applicant shall provide to the competent authorities information on the origin of the borrowed funds;
  - (e) information on any financial arrangement with other persons who are shareholders or members of the credit institution;
  - (f) information on any assets of the person who is a shareholder or member of the applicant credit institution which are to be sold in order to help finance the proposed participation, such as conditions of sale, price, appraisal, and details regarding their characteristics, including information on when and how the assets were acquired.
6. Where a trust already exists or would result from the subscription to the applicant credit institution's share capital, the application shall also set out the following information:
- (a) the identity of all trustees who will manage assets under the terms of the trust document and of each person who is a beneficiary or a settlor of the trust property and, where applicable, their respective shares in the distribution of income generated by the trust property;
  - (b) a copy of any document establishing or governing the trust; and

- (c) a description of the main legal features of the relevant trust and its functioning.
7. Where a person who has or will, in case of authorisation, have a qualifying holding is a member of an entity which is not a legal person and the participation will be treated as an asset of that entity, the application shall set out the following information:
- (a) the identity of all members of the entity, together with the information set out in paragraph 2 (if such members are natural persons) or, as the case may be, in paragraph 3 (if such members are legal persons); and
  - (b) details of the terms of the agreements governing the entity.

#### Article 6

##### **Information on largest shareholders or members and on persons with close links**

1. Where no person or other entity has or will, in case of authorisation, have a qualifying holding in the credit institution, the application shall set out the chart referred to in Article 5(1)(a) indicating, subject to the following paragraph, the list of the 20 shareholders or members having the largest holdings in the credit institution or, as the case may be, if the credit institution has fewer than 20 shareholders or members, a list of all its shareholders or members.
2. If the number of shareholders or members with a holding equal to the smallest holding which would be included in the list referred to in paragraph (1) is such that, if all shareholders or members with such holding were included, the list would comprise more than 20 shareholders or members, then all shareholders or members with a holding equal to the smallest such holding shall be included in the list.
3. The application shall set out all the following information in respect of each of the shareholders or members on the list referred to in paragraphs (1) and (2):
  - (a) the information referred to in Articles 5(1)(b) and 5(2)(c) (i)-(vi), together with the information referred to in Article 5(2)(a), if the shareholder or member is a natural person, or in Article 5(3)(a)-(f), as appropriate, if the shareholder or member is a legal person or another entity, other than a natural person;
  - (b) details of any additional rights of any such shareholder or member which enable it to exercise influence over the applicant credit institution, including any right to appoint a member of the management body;
  - (c) details of any relevant links to politically exposed persons;

- (d) details on whether any such shareholders or members are acting in concert and any shareholder agreements; and
  - (e) information on whether any such shareholder or member is subject to supervision by a competent authority in the financial services sector.
4. The application shall set the following information regarding the natural or legal persons which have close links with the applicant credit institution:
- (a) the identity of such persons and the nature of the close links;
  - (b) where applicable, the identity of any authority supervising any such person and, in the case of an authority of a third country and provided that the authority does issue such confirmations, a statement by such authority on the possibility of exchanging information with the competent authority and on maintaining the confidentiality of such information;
  - (c) where applicable, an analysis of whether the laws, regulations or administrative provisions of a third country which apply to such persons could have an impact upon the effective exercise of the supervisory functions of the competent authority; and
  - (d) an analysis of any other matters relating to the person which might prevent the effective exercise of the supervisory functions of the competent authority, considering the provisions of Article 13 of this Regulation.

#### Article 7

#### **Information on the management body and the heads of internal control function and chief financial officer**

The application shall set out all of the following information on the applicant credit institution's management body and heads of internal control function and, where appointed and not a member of the management body, the chief financial officer:

- (1) the following information on the personal details, knowledge, skills and experience of the members of the applicant credit institution's management body and heads of internal control function and, where appointed and not a member of the management body, the chief financial officer:
  - (a) the person's name and name at birth, date and place of birth, citizenship, personal national identification number (where available), address, contact details and a copy of an official identity document;
  - (b) the position held or to be held in case of authorisation by the person and a

statement of the person's main responsibilities and duties;

- (c) a detailed curriculum vitae, including:
  - (i) a detailed description of education and professional qualifications;
  - (ii) professional experience, including the names of all organisations for which the person has worked during their professional career and the nature and duration of the functions performed. For positions held in the last 10 years, the curriculum vitae shall specify the person's delegated powers, internal decision-making powers and the areas of operations under his or her control, including the number of employees;
  - (iii) where available, references of employers over at least the preceding six years;
- (d) a statement, accompanied by supporting documents, containing the following information concerning the person:
  - (i) subject to national legislative requirements concerning the disclosure of spent convictions, any criminal conviction or proceedings where the person or undertaking has been found against and which were not set aside;
  - (ii) any civil or administrative decisions in matters of relevance to the assessment or authorisation process where the person has been found against and any administrative sanctions or measures imposed as a consequence of a breach of laws or regulations (including disqualification as a company director), in each case which were not set aside and against which no appeal is pending or may be filed (except in the case of administrative penalties imposed under Article 65, 66 or 67 of Directive 2013/36/EU and of criminal convictions, in respect of which information shall also be provided for rulings still subject to appeal);
  - (iii) any bankruptcy, insolvency or similar procedures;
  - (iv) any pending criminal investigations;
  - (v) any civil or administrative investigations, enforcement proceedings, sanctions or other enforcement decisions against the person concerning matters which may reasonably be considered to be relevant to the



person's suitability as a member of a credit institution's management body, as head of an internal control function or as chief financial officer;

- (vi) where such documents can be obtained, an official certificate or any other equivalent document evidencing whether any of the events set out in sub-paragraphs (i)-(v) has occurred in respect of the relevant person;
  - (vii) any position of responsibility with an entity subject to any criminal conviction or proceedings, administrative investigations, sanctions or other enforcement decisions for conduct failings, including in respect of fraud, dishonesty, corruption, money laundering, terrorist financing or other financial crime or of failure to put in place adequate policies and procedures to prevent such events, held at the time when the alleged conduct occurred, together with details of such occurrences and of the person's involvement, if any, in them;
  - (viii) any refusal of registration, authorisation or licence to carry out trade, business or a profession;
  - (ix) any withdrawal, revocation or termination of a registration, authorisation, membership or licence to carry out trade, business or a profession;
  - (x) any expulsion by an authority or public sector entity in the financial services sector or by a professional body or association; and
  - (xi) any dismissal from employment or a position of trust, any removal from a fiduciary relationship (save as a result of the relevant relationship coming to an end by passage of time) and any similar situation;
- (e) whether an assessment of reputation, integrity, honesty, independence of mind, knowledge, skills and experience has already been conducted by another competent authority in the financial services sector, the identity of that authority and evidence of the outcome of the assessment;
  - (f) a description of all financial and non-financial interests that could create potential conflicts of interest, including, but not limited to:
    - (i) any financial interests (including loans, shareholdings, guarantees or security interests, whether granted or received) and non-financial

- interests or relationships (including close relations such as spouse, registered partner, cohabitant, child, parent or other relation with whom the person shares living accommodation) between the person or his or her close relatives (or any company that the person is closely connected with) and the applicant credit institution, its parent undertaking or subsidiaries, or any person holding a qualifying holding in the applicant credit institution, including any members of the management body or senior management or key function holders;
- (ii) whether or not the person conducts any business or has any commercial relationship (or has had over the past 2 years) with any of the above listed persons or is involved in any legal proceedings with any such persons;
  - (iii) whether or not the person and his or her close relatives have any competing interests with the applicant credit institution, its parent undertaking or its subsidiaries;
  - (iv) whether or not the person is being proposed on behalf of a shareholder or member with a qualifying holding and, if so, the identity of such shareholder or member; and
  - (v) whether or not the person is a politically exposed person or has held any position of political influence at the local level over the past 2 years;
- (g) in respect of the members of the management body, the minimum time that will be devoted to the performance of the person's functions within the applicant credit institution;
  - (h) the list of executive and non-executive directorships currently held by the person (including in organisations which do not pursue predominantly commercial objectives) and of any other professional activities currently carried out by the person;
  - (i) if the person holds a directorship in an institution that is significant in terms of its size, internal organisation and nature, scope and complexity of activities, details of such directorship and of the number of executive and non-executive directorships held by such person counted in accordance with the provisions of Article 91 of Directive 2013/36/EU; and
  - (j) the human and financial resources devoted or to be devoted to the induction and training of the members of the management body, on an annual basis;
  - (k) a description of the powers, responsibilities and proxies conferred upon the members of the credit institution's management body, the heads of internal control function and the chief financial officer;
- (2) a description of any committee of the management body foreseen at the time of

- the application, including its members and powers;
- (3) details of the applicant credit institution's assessment of the knowledge, skills and experience required collectively and individually from the members of the management body for the business model proposed and of the independence of mind of such persons;
  - (4) a description of how the diversity of qualities and competences was taken into account when selecting the members of the management body; and
  - (5) where applicable, details of the applicant credit institution's assessment of the collective knowledge, skills and experience of the non-executive members of the management body.

#### Article 8

#### **Information on the programme of operations, the auditors, the organisational structure and the internal control systems**

1. The application shall set out all of the following information relating to the programme of operations, the auditors and the organisational structure and internal control systems of the applicant credit institution:

- (a) a programme of initial operations for at least the first three years, which shall include, on a base case scenario and stress scenario basis, information on planned activities and the structural organisation of the applicant credit institution, including the following items:
  - (i) detailed information on the geographical distribution and activities to be carried out by the applicant credit institution, including through branches or subsidiaries, in the home Member State and in any other Member State or third country, including whether the credit institution or a financial institution of which the applicant credit institution is a parent undertaking intends to exercise its freedom of establishment or freedom to provide services in accordance with Title V of Directive 2013/36/EU;
  - (ii) a demonstration and detailed explanation of the initial and ongoing viability of its business model;
  - (iii) identification of all the likely business and regulatory risk factors, including money laundering and terrorist financing risks, and explanation of how these will be monitored and controlled;
  - (iv) an indication of the effect of the key assumptions underpinning the business model and its viability not being fulfilled;
  - (v) an explanation of the competitive advantage and of any unique selling

- proposition of the business proposal;
- (vi) implementation plan covering the period until the applicant credit institution is fully operational;
- (vii) an explanation of the applicant credit institution's overall strategy, including strategic goals, and of the reason for the applicant credit institution's establishment and decision to carry on the business for which it seeks authorisation;
- (viii) a description of how the proposed business aligns with the scope of authorisation applied for; and
- (ix) where the applicant credit institution will carry out activities in more than one Member State, a comparison of its links with the Member State in which it has applied for authorisation with its links with those other Member States, such comparison being sufficiently detailed to enable the competent authorities to check whether the credit institution opted for the regulatory system of one Member State for the purpose of evading the stricter standards in force in another country within the territory of which it intends to carry on or does carry on the greater part of its activities.

Relevant information in the programme of operations shall draw on the outcome of the market research conducted and of the targeted share of the market. In this respect, it shall include:

- (i) details of market research and competitor analysis undertaking and its outcome;
- (ii) the geographical scope of operations and future expansion plans;
- (iii) target markets and customer segmentation;
- (iv) clients, including types, sources and client base size;
- (v) products and services;
- (vi) delivery channels, such as branches, internet, postal, agencies and subsidiaries;
- (vii) pricing methodology;
- (viii) initial and future promotion and marketing;
- (ix) funding profile and diversification; and

- (x) details of any planned trading book activity;
- (b) the name, address and contact details of the credit institution's statutory auditors or audit firm;
- (c) information on the organisational structure and internal control function of the applicant credit institution, including the organisational chart, including each of the following items:
  - (i) the terms of reference of the management body;
  - (ii) the detailed description of the human, technical and legal resources allocated to the various planned activities, including IT, commercial, legal, internal control and compliance functions;
  - (iii) a full and detailed description of the interplay between the applicant credit institution's various functions; and
  - (iv) in relation to holding client assets, any client asset safeguarding arrangements and, in particular, where assets are held with a custodian, the name of the custodian and a summary of the material provisions of relevant contracts.

## Article 9

### **Financial and recovery information**

The application shall set out the following information on the financial situation of the applicant credit institution:

- (1) forecast information on the applicant credit institution at an individual and, where applicable, at consolidated group and sub-consolidated levels (indicating the share represented by the credit institution), at least under base case and stress scenarios basis, including all of the following:
  - (a) forecast accounting plans for at least the first three complete business years, detailing the business lines for each of the different activities carried out (and where relevant for each country or relevant geographic area):
    - (i) forecast balance sheets;
    - (ii) forecast profit and loss accounts or income statements, detailing fixed and variable costs and providing for an indication of the sensibility of the business to major indicators (volume, price, geography, exposure, etc.) and

- an explanation on the measures reducing the exposure to such risks; and
- (iii) forecast cash flow statements, if applicable;
  - (b) planning assumptions for the above forecasts as well as explanations of the figures, in particular the assumptions underlining the stress scenario basis;
  - (c) forecast detailed calculations of the applicant credit institution's own funds requirements set out in Chapter 4 of Title VII of Directive 2013/36/EU and in Part Two of Regulation (EU) No 575/2013, liquidity requirements set out in Part Six of that Regulation and leverage requirements set out in Part Seven of that Regulation for the next three years; and
  - (d) funding profile and diversification, including any source of financing and its conditions;
- (2) statutory financial statements of the applicant credit institution, at the individual and, where applicable, at consolidated group and sub-consolidated levels, for at least the last three financial years where the applicant credit institution has been in operation, before the application, for that period of time (or such shorter period of time during which the applicant credit institution has been in operation before the application and in respect of which financial statements were prepared), indicating, in the case of statements prepared on a consolidated or sub-consolidated basis, the share represented by the applicant credit institution, such statements being approved by the statutory auditor or audit firm and to include:
- (a) the balance sheet;
  - (b) the profit and loss accounts or income statement;
  - (c) cash flow statements, if applicable; and
  - (d) the annual reports and financial annexes and any other documents filed with the competent registry or authority and, where applicable, a report by the company's auditor of the last three years or since the beginning of the activity if shorter;
- (3) details on any indebtedness incurred or expected to be incurred by the applicant credit institution prior to the commencement of its activities as a credit institution, including the name of the lenders, the maturities and terms of such indebtedness, the use of proceeds and, where the lender is not a supervised financial institution, information on the origin of the borrowed funds or on the

- funds expected to be borrowed;
- (4) details of any security interests, guarantees or indemnities granted or expected to be granted by the applicant credit institution prior to the commencement of its activities as a credit institution;
  - (5) where available, information about the credit rating of the applicant credit institution and the overall rating of its group;
  - (6) where Articles 11(1), 11(3) and 14(1) of Regulation (EU) No 575/2013 (the ‘consolidation requirements’) would require the applicant credit institution or its parent undertaking to comply with obligations laid down in Parts Two to Eight of that Regulation on the basis of their consolidated situation, an analysis of the scope of consolidated supervision pursuant to the consolidation requirements, including information on which group entities will be included in the scope of consolidated supervision, and an analysis of the effect of any proposal that the competent authorities apply a waiver, derogation or exclusion or specific method or treatment referred to in Title II of Part One of that Regulation;
  - (7) an internal liquidity adequacy assessment, at a consolidated, sub-consolidated and individual level as applicable, demonstrating that the credit institution’s liquidity resources will be adequate to meet its individual liquidity requirements;
  - (8) the following frameworks and policies of the applicant credit institution, including any underlying codes of practice:
    - (a) risk management framework, explaining the applicant credit institution’s high-level strategy for identifying and managing risks to its business, including money laundering and terrorist financing risks, outlining the strategy for managing such risks and including a risk tolerance and appetite statement and measures to align the assessed risk with the risk appetite;
    - (b) liquidity risk management policy;
    - (c) funding concentration and diversification policy;
    - (d) collateral management policy;
    - (e) credit and lending policy;
    - (f) concentration risk policy;

- (g) provisioning policy;
  - (h) trading book policy;
  - (i) deposit and lending policies; and
  - (j) dividend distribution policy;
- (9) the applicant credit institution's recovery plan within the meaning of Article 2(1)(32) of Directive 2014/59/EU<sup>6</sup>; and
- (10) the applicant credit institution's governance and overview of preparation of the applicant credit institution's process to provide resolution information.

#### Article 10

##### **Information on the internal control framework and infrastructure**

1. The application shall set out the following information on the internal control framework of the applicant credit institution:
- (a) the internal organisation (including devoted budgetary and human resources) of the compliance function, risk management function, internal audit function, including an explanation on how the applicant credit institution will satisfy its legal and prudential requirements, including anti-money laundering and counter-terrorist financing requirements, the identity of the persons responsible for the internal control functions and sufficient information to allow the competent authority to assess the level of independence of the internal control functions and of the persons responsible for any such function and a description of the applicant credit institution's compliance, internal control and risk management systems and procedures and of the reporting lines to the management body;
  - (b) copies of the compliance procedures manuals, including policies and procedures dealing with matters relevant to activities carried out such as:
    - (i) whistleblowing;

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<sup>6</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190–348)



- (ii) conflicts of interest policy;
  - (iii) complaints handling;
  - (iv) personal account trading policy;
  - (v) the policy promoting diversity of the management body;
  - (vi) the remuneration policy for staff members whose professional activities have a material impact upon the credit institution's risk profile; and
  - (vii) policies against market abuse;
- (c) the applicant credit institution's compliance monitoring programme for 12 months from authorisation; and
- (d) systems and policies for assessing and managing the risks of money laundering and terrorist financing, including an overview of the key procedures that have been put in place to counter the risk that the applicant credit institution might be used by others to further financial crime.
2. The application shall set out a copy of the training policy for the staff of the applicant credit institution.
3. The application shall set out a description of the internal audit resources and methodology and a complete internal audit plan for the next three years from authorisation, including the audit of externalised services.
4. The application shall set out copies of the following policies and plans of the applicant credit institution:
- (a) internal audit policy;
  - (b) product governance policy;
  - (c) responsible lending policy;
  - (d) arrears and repossessions management policy;
  - (e) the consumer protection policy;

- (f) the outsourcing policy;
- (g) the business continuity plan and policy, including an overview of available back-up and recovery systems and of the plans ensuring the availability of key staff in business continuity situations; and
- (h) the record keeping and record retention policies.

5. The application shall set out the following information on the structure of the applicant credit institution:

- (a) details of external and intra-group outsourcing to support the applicant credit institution's operations or internal control activities, including the outsource supplier, any link to the credit institution, supplier location, rationale for outsourcing, supplier due diligence and selection process, human, technical and legal resources, the internal control system for managing the outsourcing, contingency plans in the event the outsourced service provider cannot provide continuity of service and retained functions regarding outsourced activities;
- (b) details of oversight responsibilities and arrangements, systems and controls for each outsourced function material to the applicant credit institution's management and operations;
- (c) copies of service level agreements and arrangements for each outsourcing material to the applicant credit institution's management and operations;
- (d) a description of the organisation of the IT function of the applicant credit institution, including its structure, IT strategy and IT governance, security policies and procedures;
- (e) a description of the applicant credit institution's IT infrastructure, including systems in use and underlying architecture, hosting arrangements, logical and physical protection measures;
- (f) an assessment of the appropriateness of the applicant credit institution's IT system in terms of availability, integrity and security;
- (g) where the applicant credit institution plans to engage in algorithmic trading activities, any systems and risk controls in place in respect of those activities; and
- (h) any systems and controls in place in respect of the provision of online banking facilities.

## Article 11

### **Varying the scope of required information**

1. Competent authorities may require an application to contain information which is additional to that which is set out in this Section, provided that such information meets each of the following conditions:
  - (a) the information is necessary to verify whether all requirements for authorisation laid down by the Member State and notified to the EBA pursuant to Article 8(1) of Directive 2013/36/EU have been satisfied;
  - (b) the information is proportionate and relevant for the purposes of the authorisation assessment; and
  - (c) the information does not duplicate in substance the information requirements set out in this Regulation.
  
2. Unless the competent authority requires otherwise, an application is not required to contain information set out in this Section that is already held by the competent authority, provided that such information remains true, accurate, complete and up to date and is certified as being so by the applicant, or, as the case may be, information which is set out in Article 8, Article 9(8)(h) or Article 10 and that is solely relevant for activities the credit institution will not be carrying out. An application is not required to contain information which reflects a requirement waived in respect of the applicant credit institution by the competent authority pursuant to Article 21 of Directive 2013/36/EU.
  
3. The information in an application shall remain true, accurate and complete up to the point of authorisation or shall be updated accordingly.

## Sequencing process

Over the course of the development of the technical standards, the EBA considered whether the regulatory technical standards should provide a special option by permitting information to be submitted in a sequenced manner in order to allow for a limited authorisation for start-ups during an interim period. This could address possible problems occurring in respect of start-up credit institutions, which may find it difficult to mobilise the required resources without an assurance that the authorisation will be received. In addition, such an approach could help further open the financial industry market. Such scheme might, in particular, be useful in the context of the authorisation of so-called FinTech companies.

There are many ways in which such a process could be structured. An example could be to structure the process along the lines of the following authorisation sequence: (i) requiring an application with fewer requirements at the initial stage than currently foreseen in the draft regulatory technical standards (the slimmed down requirements for this authorisation being also provided in the technical standards), (ii) the granting of an authorisation subject to meaningful restrictions, such as a low overall cap for the amount of deposits the new credit institution might take, for instance a limit of EUR 100,000, (iii) the fulfilment by the new credit institution of all remaining requirements over a set period of time and (iv) the lifting of the existing restrictions on the authorisation once all outstanding requirements have been satisfied or, alternatively, revoking the authorisation automatically after a period of time.

Such initial application would be accompanied by a plan setting out when the applicant credit institution is expected to commence its full activities, including any phasing of the commencement of those activities, a timetable for submitting the standard information and a description of how the applicant credit institution will ensure that such activities can be carried out in a sound and prudent manner, including any restrictions on the extent of activities that will be pursued and the controls that will be applied to ensure that those restrictions are met.

In the end, the EBA decided not to develop in more detail such a framework for a number of reasons. The reasons included the fact that the Capital Requirements Directive does not specifically refer to such a process and limited or interim authorisations could create confusion or diminish confidence in the standing of credit institutions in the EU. Moreover, it remains to be assessed whether there is a significant need for such a process, considering so-called FinTech companies would not necessarily seek to become full-blown credit institutions.

However, given that the considerations are of broader relevance and in light of the uncertainty around the need for such a tool, the EBA is seeking input on the merits of introducing such a sequencing or similar processes. These considerations would allow the EBA to further reflect on the matter during the finalisation of the technical standards or in a broader setting. Please refer to Question 8 set out at the end of this Consultation Paper.

## **Section II**

### **REQUIREMENTS FOR PERSONS HAVING QUALIFYING HOLDINGS AND OBSTACLES THAT MAY PREVENT THE EFFECTIVE EXERCISE OF THE SUPERVISORY POWERS**

#### **Article 12**

##### **Requirements applicable to persons having qualifying holdings**

1. In order to ensure the sound and prudent management of the applicant credit institution, the suitability of the applicant credit institution's shareholders or members that have or will, in case of authorisation, have direct or indirect qualifying holdings shall be assessed having regard to their likely influence on the applicant credit institution.
  
2. The suitability of the shareholders or members with qualifying holdings shall be assessed on the basis of each of the following criteria:
  - (a) the reputation of such shareholders or members;
  
  - (b) the reputation, knowledge, skills and experience of any members of the management body or any member of senior management who will direct the business of the applicant credit institution and will have been appointed by, or following a nomination from, such shareholders or members;
  
  - (c) the financial soundness of such shareholders or members, in particular in relation to the type of business pursued and envisaged to be carried out by the credit institution;
  
  - (d) whether such holding would cast doubts on the applicant credit institution's ability to comply with Directive 2013/36/EU and Regulation (EU) No 575/2013 and, where applicable, other Union law, in particular Directives 2002/87/EC and 2009/110/EC, including whether the group of which it is or will become a part has a structure which makes it possible to exercise effective supervision, effectively exchange information among the competent authorities and determine the allocation of responsibilities among the competent authorities; and
  
  - (e) whether there are reasonable grounds to suspect that, in connection with the authorisation of the applicant credit institution, or the contribution made by such shareholders or members to the applicant credit institution's capital, money laundering or terrorist financing within the meaning of Article 1 of Directive (EU) 2015/849 is being or has been committed or attempted, or that

the authorisation of the applicant credit institution or the contribution to its capital could increase the risk thereof.

### Article 13

#### **Obstacles which may prevent the effective exercise of the supervisory functions of the competent authorities**

In order to identify obstacles that could prevent the effective exercise of the supervisory functions, including, where applicable, supervision on a consolidated basis, competent authorities shall consider any relevant information, circumstance or situation, including those of a legal, geographical, financial or technical nature, such as:

- (1) the influence of the nature of the close links that exist or will, following the granting of the authorisation, exist between the credit institution and other natural or legal persons, including politically exposed persons;
- (2) the interactions of the laws, regulations or administrative provisions of a third country governing those natural or legal persons with which the credit institution has or will, following the granting of the authorisation, have close links, including the difficulties involved in the enforcement of those laws, regulations or administrative provisions or in obtaining information from the authorities in such third countries or from such persons;
- (3) the possibility of exchanging information with the authority, if any, supervising the persons having close links with the credit institution;
- (4) the complexity and transparency of the structure of the group of the applicant credit institution or of the person or persons having such close links;
- (5) the geographical location of the members of the group of the applicant credit institution or of the person or persons having such close links; and
- (6) the activities performed or to be performed by the members of the group of the applicant credit institution or of the person or persons having such close links.

### **Section III**

## **FINAL AND TRANSITIONAL PROVISIONS**

#### Article 14

#### **Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation applies from the date which is six months after the date of entry into force and to applications submitted after such date.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission*

*The President*

*On behalf of the President*

*[Position]*

## 5. Draft Implementing Technical Standards

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**DRAFT COMMISSION IMPLEMENTING REGULATION (EU) No .../...**

**supplementing Directive 2013/36/EU of the European Parliament and of the Council  
of 26 June 2013 with regard to implementing technical standards in respect of the  
information to be provided for the authorisation of credit institutions**

**(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, and in particular Article 8(3) thereof,

Whereas:

- (1) The information to be provided to the competent authorities in the application for the authorisation referred to in Article 8(1) of Directive 2013/36/EU is set out in Commission Delegated Regulation (EU) No XX/2017 adopted pursuant to Article 8(2) of Directive 2013/36/EU, together with which the provisions of this Regulation should be read along.
- (2) For the purposes of harmonisation, it is important that the applicant submits the information required for the application for authorisation in accordance with the same standard form, template and procedure across the Union.
- (3) This Regulation is based on the draft regulatory technical standards submitted by the European Banking Authority to the Commission.
- (4) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010.

HAS ADOPTED THIS REGULATION:

## Article 1

### **Submission of the application**

1. The applicant for an authorisation shall submit the information set out in Articles 1 to 10 of Commission Delegated Regulation (EU) No XXX/2017 (if applicable, as varied in accordance with Article 11 thereof), by filling in the template set out in the Annex to this Regulation.
2. The competent authority shall indicate on its website the contact details for submitting such application for authorisation and whether it shall be submitted in paper format, in electronic form or both.

## Article 2

### **Assessment of completeness**

1. An application shall be deemed to be complete if it contains all information needed by the competent authorities in order to assess the application in accordance with Commission Delegated Regulation (EU) No XXX/2017.
2. Where the information provided in the application is assessed to be incomplete, the competent authority shall send, in paper format or by electronic means, a request to the applicant, indicating the missing information, and shall provide to the applicant the opportunity to submit the missing information.
3. Upon an application being assessed as complete, the competent authority shall inform the applicant of that fact, together with the date of receipt of the complete application or, as the case may be, the date of receipt of the information that completed the application.
4. In any case, the competent authority may require the applicant to provide additional information for the purposes of assessing the application.
5. Where an application contains information, or relies on information held by the competent authorities, which is no longer true, accurate or complete, an update to the application shall be provided to the competent authorities without delay. The update shall identify the information concerned, its location within the original application, the reason for the information no longer being true, accurate or complete, the updated information and confirmation that the rest of the information in the application remains true, accurate and complete.

Article 3  
**Entry into force**

This Regulation shall enter into force on the the twentieth day following that of its publication in the Official Journal of the European Union.

This Regulation applies from the date which is six months after the date of entry into force and to applications submitted after such date.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission*  
*The President*

*On behalf of the President*

*[Position]*

## ANNEX

### Information provided for the purposes of the application for authorisation

Date: .....

Reference number: .....

Name of the applicant:

Address:

(Contact details of the designated contact person)

Name:

Telephone:

Email:

This is an application for authorisation of a credit institution provided in accordance with Commission Delegated Regulation (EU) No .../... (the 'Regulation').

We certify that the information provided in this application is true, accurate, complete and not misleading.<sup>7</sup> Unless specifically stipulated otherwise, the information speaks as of the date of this application. Where certain information is expressed to speak as of a future date, this is specifically set out in the application and we undertake to notify in writing the authority if any such information is not true, accurate and complete or is misleading as of the date specified in the application in respect of such information.

[Name of the applicant]

By: .....

Name:

Position:

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<sup>7</sup> When filling in the application form, the applicant should consult the provisions of the Regulation. Where it is more convenient to do so, the required information can be provided in a numbered annex attached to the application, provided that the annex is clearly identified in the application.

## 1. Presentation and history of the applicant credit institution

### *Contact persons for the purposes of the application*

1.1 Person from the applicant the competent authorities should get in touch with regarding the application:

Title: .....

Full name: .....

Position: .....

Telephone: .....

Mobile number: .....

Facsimile (if available): .....

Email: .....

1.2 Professional adviser used by the applicant, if any:

Name of professional advisor firm: .....

Title: .....

Full name: .....

Business address: .....

Telephone: .....

Mobile number: .....

Facsimile (if available): .....

Email: .....

### *Identification of the applicant credit institution*

1.3 Name of the applicant credit institution, including any plans to change it, logo and any other trading name used or to be used by the applicant credit institution:  
.....

1.4 Legal form: .....

1.5 Date and jurisdiction of incorporation or formation: .....

- 1.6 Address of the registered office: .....
- 1.7 If different, addresses of the head office and principal place of business:  
.....
- 1.8 Contact details of the applicant credit institution<sup>8</sup>:
- Full name: .....
- Title: .....
- Telephone: .....
- Facsimile (if available): .....
- Email: .....
- 1.9 Where the applicant credit institution is registered in a central register, commercial register, companies register or similar public register, the register in which the applicant credit institution is entered and the registration number or an equivalent means of identification in that register: .....
- 1.10 The Legal Entity Identifier (LEI), where available: .....
- 1.11 The accounting year-end: .....
- 1.12 The website address, where available: .....

*Constitutional documents*

- 1.13 Annex under which is provided a copy of the articles of association of the applicant credit institution or equivalent constitutional documents: .....
- 1.14 Annex under which is provided, where applicable, evidence of registration with the register designated by the law of the relevant Member State in accordance with Article 3 of Directive 68/151/EEC: .....

*Where applicable, history of the applicant credit institution and its subsidiaries*

- 1.15 Details of memberships to industry associations: .....
- 1.16 Details of licences, authorisations, registrations or other permissions to carry out activities in the financial services sector by an authority or other public sector entity in any Member State or third country: .....

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<sup>8</sup> If different from the contact details provided above for the purposes of the application.

1.17 Significant events which took place or are taking place and which may reasonably be considered to be relevant to the application for authorisation as a credit institution:  
.....

*Applicable fees*

1.18 If applicable, information required for calculating the application fee or supervisory fee:  
.....

1.19 Annex under which is provided, where applicable, evidence of payment of the application fee: .....

**2. Scope of the authorisation: contemplated activities**

2.1 Full details of each of the activities that the applicant credit institution intends to carry out, including details on each of the activities listed in Annex I to Directive 2013/36/EU that it intends to carry out: .....

2.2 The deposit guarantee scheme officially recognised in the Member State where the application is submitted that the applicant credit institution is or shall, upon authorisation, become a member of in accordance with Article 4(3) of Directive 2014/49/EU, together with the date on which it became of member of such scheme, if already a member:  
.....

2.3 Where applicable, annex under which are provided details of any institutional protection scheme which the applicant credit institution entered into or proposes to enter into: .....

**3. Information on own funds**

*Capital*

3.1 Details of the applicant credit institution's issued capital, paid-up capital and capital which is not yet paid-up, specifying in each case the types and amounts of own funds corresponding to the initial capital:  
.....

3.2 Annex(es) under which evidence of such capital having been issued and paid up is provided: .....

3.3 Where the initial capital has not been paid up in full, the envisaged plan and implementation deadline for payment in full: .....

*Own funds funding sources*

3.4 Details of the available funding sources for own funds:  
.....

3.5 Annex(es) under which, where available, evidence of the availability of the funding sources for own funds is provided: .....

*Assessment of internal capital*

3.6 Annex(es) under which are provided an assessment of the amounts, types and distribution of internal capital that the applicant credit institution considers adequate to cover the nature and level of the risks to which it will be or might be exposed and an analysis, including projections, showing that the capital resources will be sufficient to meet the own funds requirement at authorisation and through a severe but plausible stress over at least three years and providing such information both for the applicant credit institution on an individual basis, as well as for the consolidated situation, if applicable: .....

**4. Information on shareholders or members with qualifying holdings**

*Identity of persons or other entities with qualifying holdings and details of such holdings*

4.1 Annex under which is provided a chart setting out the shareholder structure of the credit institution, including the breakdown of the capital and voting rights: .....

4.2 List of the names of all persons or other entities that have qualifying holdings in the credit institution, indicating in respect of each such person or entity the details specified in Article 5(1)(b) of the Regulation: .....

*Natural persons with qualifying holdings*

4.3 Information provided for natural persons with qualifying holdings<sup>9</sup>:

Full name and (if different) full name at birth: .....

Date and place of birth: .....

Citizenship: .....

Personal national identification number (where available): .....

Address: .....

Telephone: .....

Mobile number: .....

Facsimile (if available): .....

Email: .....

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<sup>9</sup> The information should be provided for each natural person in the format provided.



Annex under which is provided a copy of an official identity document: .....

Annex under which is provided a curriculum vitae: .....

Annex under which are provided the statement and the supporting documents specified in Article 5(2)(c) of the Regulation:.....

Where an assessment of reputation of the person has already been conducted by a competent authority in the financial services sector, the identity of that authority and the outcome of the assessment: .....

Overview of the current financial position of the person: .....

Overview of the business activities of the person: .....

Annex under which financial information is provided, including credit ratings and publicly available reports on any undertakings directed or owned by the person: .....

Financial and non-financial interests of the person: .....

Links to politically exposed persons: .....

Other interests of activities that may be in conflict with those of the credit institution: .....

Proposed methods for managing any identified conflicts of interest: .....

#### *Legal persons or other entities with qualifying holdings*

#### 4.4 Information provided for legal persons or other entities with qualifying holdings<sup>10</sup>:

Name of the legal person or entity: .....

Where the person or entity is registered in a central register, commercial register, companies register or similar public register, the register in which the legal person or entity is entered, the registration number or an equivalent means of identification in that register and the annex under which is provided a copy of the registration certificate: .....

Address of registered office: .....

If different, addresses of the head office and principal place of business: .....

Telephone: .....

Facsimile (if available): .....

Email: .....

<sup>10</sup> The information should be provided for each natural person in the format provided.

Annex under which are provided copies of the corporate documents or agreements governing the entity and a summary explanation of the main features of the legal form or of the entity: .....

Details of the competent authority in the financial services sector or other government body, if any, which has regulated or is regulating the person or entity: .....

Annex under which is provided the information referred to in Article 5(3)(g) of the Regulation: .....

Financial and non-financial interests of the legal person or entity, of members of the group to which the legal person belongs or of persons who effectively direct the business of the legal person or of the entity with any of the persons referred to in Article 5(3)(h) of the Regulation: .....

Annex under which is provided a list of each person who effectively directs the business of the legal person or entity, their name, date and place of birth, address, contact details, their national identification number, where available, and detailed curriculum vitae, together with the information referred to in Articles 5(2)(c) and 5(2)(d) of the Regulation in respect of each such person: .....

Annex under which is provided the shareholding structure of the legal person: .....

In the case of an entity which is not a legal person and which holds or shall hold the participation in its own name, annex under which is provided the identity of all members of the entity, together with the information set out in Article 5(2) of the Regulation (if such members are natural persons) or, as the case may be, in Article 5(3) of the Regulation (if such members are legal persons): .....

If the legal person or entity is part of a group, annex under which is provided a detailed organisational chart of the structure of the group: .....

If the legal person or entity is part of a group, the share of capital and voting rights of each shareholder with significant influence over the entities of the group: .....

If the legal person or entity is part of a group, information on the relationships between any credit institution, insurance or re-insurance undertaking or investment firm within the group and any other group entities and the names of the relevant supervisory authorities: .....

If the legal person or entity is part of a group, if applicable, annex under which are provided the details any credit institution, insurance or re-insurance undertaking or investment firm within the group, the names of the relevant competent authorities and an analysis of the perimeter of consolidated supervision of the credit institution and the group: .....

Annex under which are provided the annual financial statements for the period and in accordance with the requirements of Article 5(3)(o) of the Regulation: .....

Annex under which is provided, where the legal person or entity has its head office in a third country and is supervised by an authority of a third country in the financial services sector, a certificate of good-standing or equivalent: .....

Annex under which is provided, where the legal person or entity has its head office in a third country and is supervised by an authority of a third country in the financial services sector a declaration by that authority that there are no obstacles or limitations to the provision of information necessary for the supervision of the credit institution: .....

Where the legal person or entity has its head office in a third country, general information on the regulatory regime of that third country as applicable to the legal person, including information on the extent to which the third country's anti-money laundering and counter-terrorist financing regime is consistent with the Financial Action Task Force's Recommendations: .....

Where the legal person is a collective investment undertaking, the information set out in Article 5(3)(q) of the Regulation: .....

Where the person is a sovereign wealth fund, the information set out in Article 5(3)(r) of the Regulation: .....

*Specific information on each qualifying holding<sup>11</sup>*

4.5 The identity of the relevant shareholder or member with a qualifying holding: .....

4.6 The person's or the entity's financial or business reasons for owning that holding and the person's or the entity's strategy regarding the holding, including the period for which the person or the entity intends to hold the participation and any intention to increase, reduce or maintain the level of the holding in the foreseeable future: .....

4.7 The person's or the entity's intentions in respect of the credit institution and the influence the person or the entity intends to exercise over the credit institution, including in respect of the dividend policy, the strategic development and the allocation of resources of the credit institution, whether or not it intends to act as an active minority shareholder and the rationale for such intention: .....

4.8 The person's or the entity's willingness to support the credit institution with additional own funds if needed for the development of its activities or in case of financial difficulties: .....

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<sup>11</sup> The information needs to be provided for each shareholder or member with a qualifying holding.

- 4.9 Annex under which any intended shareholder's or member's agreements with other shareholders or members in relation to the applicant credit institution are provided<sup>12</sup>:  
.....
- 4.10 Analysis of whether the qualifying holding's impact on the ability of the applicant credit institution to provide timely and accurate information to the competent authorities:  
.....
- 4.11 Members of the management body or of senior management who will direct the business of the applicant credit institution and will have been appointed by, or following a nomination from, such shareholder or member and the annex under which the information set out in paragraphs (a)-(f) of Article 7(1) of the Regulation is provided in respect of such persons: .....
- 4.12 Private financial resources being used for the participation, including their availability and source: .....
- 4.13 Means of payment of the intended participation and details of the payment service provider used to transfer funds: .....
- 4.14 Where the head office of the payment service provider is not established in a Member State, annex under which is provided evidence that the funds used for the participation are channelled through payment service providers that are subject to anti-money laundering and terrorist financing legislative requirements consistent with those set out in Directive (EU) 2015/849 and are supervised effectively for compliance with these requirements:.....
- 4.15 Details of financial markets accessed for the participation, including details of financial instruments to be issued: .....
- 4.16 Details on the use of borrowed funds for the participation:  
.....
- 4.17 Financial arrangements with other persons who are shareholders or members of the credit institution:  
.....
- 4.18 Details of assets of the person which are to be sold in order to help finance the proposed participation: .....

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<sup>12</sup> If the agreements are already provided for one shareholder or member, there is no need to provide additional copies for the other shareholders or members which will be parties to the agreements.

*Trusts existing or arising from the participation*

4.19 Information on any trust which already exists or would result from the subscription to the applicant credit institution's share capital:

The identity of all trustees who will manage assets under the terms of the trust document and of each person who is a beneficiary or a settlor of the trust property and, where applicable, their respective shares in the distribution of income:

.....

Annex under which are provided copies of the documents establishing or governing the trust(s): .....

Description of the main legal features of the relevant trust(s) and its/their functioning: .....

*Other entities*

4.20 Where a person having a qualifying holding is a member of an entity which is not a legal person and the participation will be treated as an asset of that entity, the annex under which is provided the identity of all members of the entity, together with the information set out in Article 5(2) of the Regulation (if such members are natural persons) or, as the case may be, in Article 5(3) of the Regulation (if such members are legal persons) and with details of the terms of the agreements governing the entity:

.....

**5. Information on largest shareholders or members and on persons with close links**

*List of largest shareholders or members*

5.1 Where no person or other entity has or will, in case of authorisation, have a qualifying holding in the credit institution, the annex under which the chart and list referred to in Article 6(1) of the Regulation are provided: .....

5.2 Information on the largest shareholders and members identified in accordance with Article 6(1) of the Regulation:<sup>13</sup>

Annex under which the information set out in Article 6(3)(a) of the Regulation is provided: .....

Additional rights of the shareholder or member which enable it to exercise influence over the applicant credit institution: .....

<sup>13</sup> The information should be provided, where no person has a qualifying holding in the credit institution, for each person identified in accordance with Article 6(1) of the Regulation.

Relevant links to politically exposed persons: .....

Details of any other shareholder or member the person is acting in concert with and any shareholder agreements: .....

Information on whether the person is subject to supervision by a competent authority in the financial services sector: .....

*Persons with close links*

5.3 Full name of the person with close links with the credit institution:<sup>14</sup> .....

5.4 Nature of such close links: .....

5.5 Where applicable, identity of the authority supervising the person: .....

5.6 Where applicable, annex under which is provided the confirmation from the authority referred to in Article 6(4)(b) of the Regulation: .....

5.7 Where applicable, annex under which is provided the analysis referred to in paragraphs (c) and (d) of Article 6(4) of the Regulation: .....

**6. Information on the management body and the heads of internal control function and chief financial officer**

*Individual information for each of the relevant persons<sup>15</sup>*

6.1 Full name and (if different) full name at birth: .....

6.2 Date and place of birth: .....

6.3 Citizenship: .....

6.4 Personal national identification number (where available): .....

6.5 Address: .....

6.6 Annex under which a copy of an official identity document is provided: .....

6.7 Position held or to be held in case of authorisation by the person with the applicant credit institution and a statement of the person's main responsibilities and duties: .....

<sup>14</sup> The information should be provided for each such person.

<sup>15</sup> The information should be provided for each person contemplated in Article 7 of the Regulation.

- 6.8 Annex under which a curriculum vitae is provided: .....
- 6.9 Annex under which are provided the statement and the supporting documents set out in Article 7(1)(d) of the Regulation: .....
- 6.10 Where an assessment of reputation, integrity, honesty, independence of mind, knowledge, skills and experience has already been conducted by another competent authority in the financial services sector, the annex under which the identity of that authority and evidence of the outcome of the assessment are provided: .....
- 6.11 The annex under which is provided a description of all financial and non-financial interests of the person that could create potential conflicts of interest: .....
- 6.12 If the person is a member of the management body, the minimum time that will be devoted to the performance of the person's functions within the applicant credit institution: .....
- 6.13 The executive and non-executive directorships currently held by the person (including in organisations which do not pursue predominantly commercial objectives) and any other professional activities currently carried out by the person: .....
- 6.14 Details of any directorship held by such person in an institution that is significant in terms of its size, internal organisation and nature, scope and complexity of activities: .....
- 6.15 The number of executive and non-executive directorships held by such person counted in accordance with the provisions of Article 91 of Directive 2013/36/EU: .....

*General information regarding the relevant bodies*

- 6.16 The human and financial resources devoted or to be devoted to the induction and training of the members of the management body, on an annual basis: .....
- 6.17 Annex under which is provided a description of the powers, responsibilities and proxies conferred upon the members of the credit institution's management body, the heads of internal control function and the chief financial officer: .....

6.18 Annex under which is provided a description of any committee of the management body foreseen at the time of the application, including its members and powers:  
.....

6.19 Annex under which are provided details of the applicant credit institution's assessment of the knowledge, skills and experience required collectively and individually from the members of the management body for the business model proposed and of the independence of mind of such persons:.....

6.20 Description of how the diversity of qualities and competences was taken into account when selecting the members of the management body:  
.....

6.21 Annex under which are provided, where applicable, details of the applicant credit institution's assessment of the collective knowledge, skills and experience of the non-executive members of the management body:.....

**7. Information on the programme of operations, the auditors, the organisational structure and the internal control systems**

7.1 Annex under which the programme of initial operations is provided:  
.....

7.2 Name of the applicant credit institution's statutory auditors or audit firm:  
.....

7.3 Address of such auditors: .....

7.4 Telephone of the auditors: .....

7.5 Facsimile of the auditors (if available): .....

7.6 Email of the auditors: .....

7.7 Annex under which is provided the information on the organisational structure and the internal control function of the applicant credit institution foreseen in Article 8(1)(c) of the Regulation: .....

**8. Financial and recovery information**

8.1 Annex under which is provided the forecast information on the applicant credit institution at an individual and, where applicable, at consolidated group and sub-consolidated levels foreseen in Article 9(1) of the Regulation: .....

8.2 Annex under which are provided the statutory financial statements of the applicant credit institution foreseen in Article 9(2) of the Regulation: .....



- 8.3 Indebtedness incurred or expected to be incurred by the applicant credit institution prior to the commencement of its activities as a credit institution:  
.....
- 8.4 Security interests, guarantees or indemnities granted or expected to be granted by the applicant credit institution prior to the commencement of its activities as a credit institution: .....
- 8.5 Where available, the credit rating of the applicant credit institution and the overall rating of its group: .....
- 8.6 Where applicable, annex under which is provided the analysis of the scope of consolidated supervision pursuant to the consolidation requirements foreseen in Article 9(6) of the Regulation: .....
- 8.7 Annex under which the internal liquidity adequacy assessment is provided:  
.....
- 8.8 Annex under which the risk management framework is provided:  
.....
- 8.9 Annex under which the liquidity risk management policy is provided:  
.....
- 8.10 Annex under which the funding concentration and diversification policy is provided:  
.....
- 8.11 Annex under which the collateral management policy is provided:  
.....
- 8.12 Annex under which the credit and lending policy is provided:  
.....
- 8.13 Annex under which the concentration risk policy is provided:  
.....
- 8.14 Annex under which the provisioning policy is provided:  
.....
- 8.15 Annex under which the trading book policy is provided:  
.....
- 8.16 Annex under which the deposit and lending policies are provided:  
.....
- 8.17 Annex under which the dividend distribution policy is provided:  
.....

8.18 Annex under which, where applicable, are provided the codes of practice relating to the policies being submitted:  
.....

8.19 Annex under which the recovery plan is provided:  
.....

8.20 Annex under which is provided the credit institution's governance and overview of preparation of the applicant credit institution's process to provide resolution information:  
.....

**9. Information on the internal control framework and infrastructure**

9.1 Annex under which the information foreseen in Article 10(1)(a) of the Regulation is provided: .....

9.2 Annexes under which are provided copies of the compliance procedures manuals, identifying each such manual specifically: .....

9.3 Annex under which is provided the compliance monitoring programme for 12 months from authorisation: .....

9.4 Annex under which are described the systems and policies for assessing and managing the risks of money laundering and terrorist financing:  
.....

9.5 Annex under which is provided a copy of the training policy: .....

9.6 Annex under which are provided the description of the internal audit resources and methodology and a complete internal audit plan for the next three years from authorisation: .....

9.7 Annex under which is provided a copy of the internal audit policy: .....

9.8 Annex under which is provided a copy of the product governance policy:  
.....

9.9 Annex under which is provided a copy of the responsible lending policy:  
.....

9.10 Annex under which is provided a copy of the arrears and repossessions management policy: .....

9.11 Annex under which is provided a copy of the consumer protection policy:  
.....

- 9.12 Annex under which is provided a copy of the outsourcing policy:  
.....
- 9.13 Annex under which is provided a copy of the business continuity plan and policy:  
.....
- 9.14 Annex under which are provided copies of the record keeping and record retention policies: .....
- 9.15 Annex under which are provided details of external and intra-group outsourcing to support the applicant credit institution's operations or internal control activities:  
.....
- 9.16 Annex under which are provided details of oversight responsibilities and arrangements, systems and controls for each outsourced function material to the applicant credit institution's management and operations: .....
- 9.17 Annex under which are provided copies of service level agreements and arrangements for each outsourcing material to the applicant credit institution's management and operations:  
.....
- 9.18 Annex under which is provided a description of the organisation of the IT function of the applicant credit institution: .....
- 9.19 Annex under which is provided a description of the applicant credit institution's IT infrastructure: .....
- 9.20 Annex under which is provided an assessment of the appropriateness of the applicant credit institution's IT system in terms of availability, integrity and security:  
.....
- 9.21 Annex under which is provided, where the applicant credit institution plans to engage in algorithmic trading activities, a description of any systems and risk controls in place in respect of those activities: .....
- 9.22 Annex under which is provided a description of any systems and controls in place in respect of the provision of online banking facilities: .....

**10. Additional information**

- 10.1 Other information required pursuant to Article 11 of the Regulation or the annex under which such information is provided: .....
- 10.2 Other relevant information provided by the applicant of its own initiative:  
.....

## 6. Accompanying documents

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### 6.1 Draft cost-benefit analysis / impact assessment

#### A. Problem identification

The principle of single authorisation ensures that, once authorised, an EU credit institution may provide the services, or perform the activities, for which it has been authorised, throughout the Single Market, either through the establishment of a branch or the free provision of services. Nonetheless, the conditions and requirements for the authorisation of such institutions are not yet specified and harmonised across EU. To this end, pursuant to Article 8(2) of Directive 2013/36/EU (CRD IV), the EBA shall draft Regulatory Technical Standards to specify:

- a. the information to be provided to the competent authorities in the application for the authorisation of credit institutions, including the programme of operations provided for in Article 10 of CRD IV;
- b. the requirements applicable to shareholders and members with qualifying holdings pursuant to Article 14 of CRD IV; and
- c. obstacles which may prevent effective exercise of the supervisory functions of the competent authority, as referred to in Article 14 of CRD IV.

Furthermore, pursuant to Article 8(3) of CRD IV, the EBA shall develop draft Implementing Technical Standards on standard forms, templates and procedures for the provision of the information referred to in point (a) above.

#### B. Policy objectives

The strategic objective of the RTS and ITS is the harmonisation of requirements relating to the submission of applications for the authorisation of credit institutions. Although the high level principles for the authorisation of credit institutions are already in place, the specific requirements regarding the provision of information have not yet been set at EU level. Thus, the operational objective of the RTS and ITS is specifying the detailed list of information to be provided to the competent authorities in the application for the authorisation of credit institutions (the RTS), along with setting out the specific templates for doing so (the ITS).

The consultation with policy experts from EU member states ('screening' impact assessment) showed that the establishment of the new framework as to the provision of harmonised information for authorising credit institutions is not expected to generate a substantial impact on the costs and benefits associated with the applications for authorisation as credit institutions or with the issuance of authorisations by the competent authorities. Thus, respecting the principle of proportionality when conducting impact assessments, i.e. the length and depth of IAs should always be proportional to the anticipated impact, the current impact assessment does not include an in-depth cost-benefit analysis (CBA) for the precise quantification of costs and benefits of the implementation of the information requirements. Nonetheless, the CBA estimates the magnitude of the additional cost and benefits from the implementation of the Technical Standards in relation to the current cost of the specific banking operation.

### C. Baseline scenario

The current landscape in the provision of information in the application for the authorisation of credit institutions is diverse across EU, although certain information is provided on ad hoc basis, if requested by the competent authorities. Whilst the set of information depicted in the draft RTS and ITS draws substantially from the existing practices of national competent authorities, it does not mirror the existing practices of any given authority. However, it is not expected that there will be any significant change in the information requirements which would generate significant additional costs, while the benefits from the implementation would exceed these costs of the operational changes.

Additionally, in the absence of persons having qualifying holdings, the current regime requires a reduced set of information in respect of the 20 largest shareholders or members of the prospective credit institution compared to the information required in respect of shareholders or members with qualifying holdings.

### D. Options considered

The current section contains a more detailed qualitative assessment of the various options for each of the two sections considered, together with the rationale of selecting the preferred option in each of the sections.

The main policy options **relating to the mandate in Article 8(2)(a) of the CRD IV**, i.e. the list of information to be provided to the competent authorities in the application for the authorisation of credit institutions, are the following:

Policy option 1: the 'do nothing' option, i.e. retaining the existing status quo of the diverse content of information required across the EU for the authorisation of credit institutions. This option is not in line with the requirements of CRD IV, which contemplates a harmonised set of information, or with the objective of the single rulebook.

Policy option 2: the ‘common denominator’ option, i.e. restricting the list of information to cover only those matters which are harmonised by virtue of EU law or, alternatively, those information requirements which are applicable across all Member States.

Pros:

- this option would increase the flexibility for Member States, providing them with the discretion to supplement the minimum list set out in the RTS to address all requirements set out by the Member States or national competent authorities. It would also allow the national competent authorities to have more flexibility to request additional information from the credit institutions where and when needed;
- this solution implies lower implementation (one-off) costs.

Cons:

- this approach does not seem to fully adhere to the mandate in Article 8(2)(a) of the CRD IV, which refers to the information to be provided in such an application without making any distinction between requirements arising from the CRD IV or other EU law requirements, and those arising from national requirements; and
- this option would only render a minimum harmonisation requirement across EU, while there will be no assurance that a level playing field is ensured amongst the EU member states. This would undermine the objective of the single rulebook.

Policy option 3: the ‘maximum harmonisation’ option, i.e. setting out an exhaustive list of information requirements which would not permit any deviation by any member state.

Pros:

- this approach ensure certainty, common understanding and in-depth knowledge of the information requirements by all the stakeholders; and
- the approach would ensure maximum harmonisation across EU.

Cons:

- it would be difficult to ensure that all possible requirements of individual member states (MS) will be covered, especially considering the fact that MS can, pursuant to Article 8(1) CRD, lay down their own requirements for the authorisation of credit institutions; and
- depending on the type of applicant and its contemplated activities, the list might be too cumbersome if no flexibility is provided, resulting in unnecessary excessive costs for the applicant, i.e. this option / requirement would not be proportional for the nature of certain credit institutions, including their contemplated activities.

Policy option 4: the ‘flexible maximum harmonisation’ option, i.e. setting out a complete list, subject to certain flexibility to vary the requirements.

Pursuant to this approach, which was embraced by the RTS, the required list of information could vary either by requesting additional information or by dispensing with the requirement to provide certain information, subject to specified conditions (which are also be set out in the RTS).

Pros:

- this option would draw the optimal line between the sufficient harmonisation requirement, while at the same time ensuring the necessary flexibility.

Cons:

- the requirements would not be fully harmonised across the various Member States. However, this is consistent with the approach taken by CRD IV in Article 8(1), where MS are requested to develop their own requirements.

The main policy options **relating to the requirements applicable to the 20 largest shareholders or members**, in the absence of persons having qualifying holdings, are the following:

Policy option 1: the ‘do nothing’ option, i.e. retaining the existing provision in the CRD IV which, in the absence of persons having qualifying holdings, requires the names of the 20 largest shareholders or members without specifying any additional information. However, this option would not contribute towards the harmonisation of the content of the information to be provided for the 20 largest shareholders, leaving the landscape of the provision of information quite heterogeneous across the EU.

Policy option 2: the option of aligning the requirements with those applicable to persons having qualifying holdings.

Pros:

- in the absence of qualifying holdings, the largest shareholders would be subject to similar scrutiny, thus ensuring that, in any event, the shareholders are subject to adequate scrutiny without having to conduct a preliminary search to distinguish the persons having qualifying holdings from the rest of the shareholders.

Cons:

- this might be seen as not being fully in line with the CRD IV, which does not appear to align the treatment of such shareholders with the persons having qualifying holdings;
- considering the above, applying similar information requirements to such shareholders might not be proportional and might trigger unnecessary costs, considering the reduced level of influence such shareholders may have over the credit institution.

Policy option 3: The option of implementing less stringent requirements.

Pros:

- this option would introduce information requirements that would be more proportional to the reduced influence of such shareholders.

Cons:

- in the absence of qualifying holdings, the main shareholders might be subject to a substantially reduced level of scrutiny.

### E. Cost-Benefit Analysis

Having already assessed the policy options considered for the drafting of the current RTS and ITS, this section evaluates in quantitative terms the cost and benefits (net impact) of the individual policy options, in relation to the current level of operational cost of credit institutions and national competent authorities. The estimations set out in this section are substantially based on the deliberations amongst the NCAs but not on any stock-taking exercise. Thus, the evaluation could contain a certain level of subjectivity. To overcome this obstacle, the analysis presents only the level of impact in terms of magnitude relating to the current operational cost, i.e. zero, negligible, low, medium and high<sup>16</sup>, instead of presenting the exact figures in monetary terms.

**The CBA relating to the mandate in Article 8(2)(a) of the CRD IV**, i.e. the list of information to be provided to the competent authorities in the application for the authorisation of credit institutions, for each policy option is the following:

Policy option 1: this option was not examined further as it is not abiding with the requirements set out in CRD IV, so the CBA was not applicable in this case;

Policy option 2: both costs and benefits would be close to zero, resulting in a zero net impact (benefits minus costs);

Policy option 3: the 'one-off' costs from the implementation of this solution would be low, while the 'on-going' costs after the implementation would be negligible, mainly arising from the need of some NCAs to request data mandated from their national legislation. The on-going operational benefits from the implement would be low, although there are some reputational benefits that cannot be quantified. The net impact from the implementation of this option would be negligible (but positive).

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<sup>16</sup> Zero: 0 – 0.5% of the current operational cost, Negligible: 0.5% – 2% of the current operational cost, Low: 2% – 10% of the current operational cost, Medium: 10% – 20% of the current operational cost, High: higher than 20% of the current operational cost



Policy option 4: the 'one-off' and 'on-going' costs from the implementation of this solution would be negligible. The on-going operational benefits from the implement would be low. The net impact from the implementation of this option would be low (positive).

The CBA relating to the **requirements applicable to the 20 largest shareholders or members, in the absence of persons having qualifying holdings**, is shown below:

Policy option 1: the 'one-off' costs from the implementation of this solution would be zero, while the 'on-going' costs after the implementation would be negligible, mainly arising from the need of some NCAs to request additional information, not already mandated by the CRD IV. The on-going operational benefits from the implementation of this option would be zero. The net impact from the implementation of this option would be negligible (but negative).

Policy option 2: the 'one-off' and 'on-going' costs from the implementation of this solution would be negligible and low respectively, resulting to an overall cost of low magnitude. The on-going operational benefits from the implementation of this option would be low, although there would be some additional reputational benefits (not quantifiable) arising from the transparency of the requirements. The net impact from the implementation of this option would be negligible (but positive).

Policy option 3: the 'one-off' and 'on-going' costs from the implementation of this solution would be both negligible. The on-going operational benefits from the implementation of this option would be low, although there would be some additional reputational benefits (not quantifiable but less than those of option 2) of requesting additional information for the 20 largest shareholders. The net impact from the implementation of this option would be low (positive).

#### F. Preferred option

Having taken into account the qualitative assessment of the policy options and the accompanying cost-benefit analysis, the preferred policy option for the informational content relating to the mandate in **Article 8(2)(a) of the CRD IV is policy option 4** while the preferred policy option for the informational content relating to **the 20 largest shareholders or members, in the absence of persons having qualifying holdings, is policy option 3.**

## 6.2 Overview of questions for consultation

Question 1: do you have any general comments on the draft Regulatory Technical Standards under Article 8(2) of Directive 2013/36/EU or on the draft Implementing Technical Standards under Article 8(3) of Directive 2013/36/EU?

Question 2: do you have any comments on the proposed list of information to be provided for the authorisation of credit institutions?

Question 3: do you have any comments on the proposed requirements applicable to shareholders and members with qualifying holdings of credit institutions?

Question 4: do you have any comments on the proposed list of obstacles which may prevent the effective exercise of supervisory powers?

Question 5: do you have any comments on the procedure set out in the draft Implementing Technical Standards?

Question 6: do you have any comments on the draft application form for authorisation as a credit institution?

Question 7: regarding the assessment of the credit institution's management, do you believe that, in addition to the members of the management body, information should be provided in respect of (i) the heads of internal control function and chief financial officer, (ii) generally in respect of members of senior management or (iii) in respect of another set of officers (if so, please specify which ones)?

Question 8: do you believe that further flexibility along the lines of the sequencing process described in the explanatory box at the end of Article 11 should be provided for? If so, do you consider that the sequencing process as described is suitable or would you propose a different approach?