

Revised Payment Services Directive (PSD2) implementation: draft authorisation and reporting forms

Consultation Paper

CP17/22*

July 2017



This relates to

We are asking for comments on this Consultation Paper (CP) by 18 August 2017.

You can send them to us using the form on our website at:
www.fca.org.uk/cp17-22-response-form

Or in writing to:

Policy
Financial Conduct Authority
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Canary Wharf London E14 5HS

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1 Summary

Why we are consulting

- 1.1** The revised Payment Services Directive (PSD2) updates and replaces the original Payment Services Directive (PSD). The majority of the requirements introduced under PSD2 must be implemented by 13 January 2018.
- 1.2** Her Majesty's Treasury (the Treasury) has proposed that PSD2 is implemented through the Payment Services Regulations 2017 (PSRs 2017), on which they have consulted.¹ Most of the PSD2 requirements are set out in the PSRs 2017. The FCA will be the competent authority for supervising payment service providers (PSPs) and will also implement certain aspects of PSD2 directly.
- 1.3** This consultation forms part of our implementation of PSD2. It follows on from the consultation we published in April 2017, which considered the majority of the changes being brought about by PSD2 (CP17/11).² CP17/11 included a revised Approach Document which set out our approach to applying the PSRs 2017 and the amended Electronic Money Regulations 2011 (EMRs) in a single document, replacing the existing Payment Services and E-Money Approach Documents.

Who this applies to

- 1.4** This consultation affects existing PSPs, who will be subject to the PSRs 2017, and e-money issuers (EMIs) that will be subject to the amended EMRs. It also affects businesses not currently authorised or registered with the FCA that carry on (or intend to carry on) activities related to payments or payment accounts. This includes:
- banks and building societies
 - e-money issuers
 - non-bank card issuers
 - money remitters
 - merchant acquirers
 - businesses that provide services that aggregate customers' bank account data, or otherwise access these data to make use of it – termed account information services

1 HM Treasury, Implementation of the revised EU Payment Services Directive (PSDII), February 2017, www.gov.uk/government/consultations/implementation-of-the-revised-eu-payment-services-directive-psdii

2 FCA, CP17/11, April 2017, www.fca.org.uk/publications/consultation-papers/implementation-revised-payment-services-directive-psd2-cp17-11



- businesses that provide services that can initiate payments online between a customer's bank and the merchant's bank – termed payment initiation services.

- 1.5** Chapter 2 of this CP will be relevant to PSPs and e-money issuers. Chapter 3 will be relevant to businesses seeking registration with the FCA to conduct payment services business or issue e-money as a small payment institution (small PI) or small EMI, as well as existing PIs and EMIs
- 1.6** The consultation may also be of interest to consumers who use payment services or e-money.

The wider context of this consultation

- 1.7** PSD was implemented largely through the Payment Services Regulations 2009 (PSRs 2009) by the Treasury. There are some limited aspects of PSD which are implemented through the FCA Handbook, such as complaints handling for eligible complainants. We published an Approach Document to help businesses navigate their obligations under this regime.
- 1.8** Directive (EU) 2015/2366 (PSD2) was published in the European Union's (EU) Official Journal on 13 January 2016, and will replace PSD. To implement PSD2 the Treasury is replacing the PSRs 2009 with the PSRs 2017 (yet to be finalised). The PSRs 2017 will also amend the EMRs to reflect changes made to the e-money regulatory regime by PSD2.

What we want to change

- 1.9** We propose to:
- direct that PSPs follow the European Banking Authority's (EBA) Guidelines to notify us of major operational or security incidents, which is a new requirement under PSD2
 - update the capital returns for authorised PIs and EMIs to reflect new PSD2 requirements around how own funds can be met
 - make rules requiring records to be kept by banks and building societies on their account information services and payment initiation services business
 - specify the forms to be used by:
 - businesses seeking registration as a small PI or small EMIs
 - existing small PIs and small EMIs seeking re-registration in accordance with PSD2
 - existing authorised PIs and authorised EMIs seeking re-authorisation in accordance with PSD2
 - PIs and EMIs wishing to change the regulatory permissions they hold or to remove a requirement

- make amendments to Chapter 3 (authorisation and registration), Chapter 9 (capital resources and requirements), and Chapter 13 (reporting and notifications) of the Approach Document to reflect the above.

1.10 Under PSD2 the EBA is mandated to develop Guidelines in a number of areas. Our proposals seek to ensure we comply with some of these Guidelines in the UK. While the legislative framework is still in the process of being finalised, we are consulting now on the basis of draft EBA Guidelines on major incident reporting and the Treasury's draft legislation to give industry as much time as possible to prepare. If changes are made to the draft legislation or EBA Guidelines that affect our proposals, we will reflect these in our final rules, directions and guidance. The authorisation proposals are made on the basis of the final EBA guidelines on authorisation.

Outcome we are seeking

- 1.11** Our proposals are primarily designed to ensure that the aims of PSD2 are realised in the UK, and that we make appropriate changes by 13 January 2018, the date that PSD2 becomes effective. PSD2 was introduced to bring regulation up to date with developments in the market for payment services and promote further innovation. It also aims to improve consumer protection, make payments safer and more secure, and drive down the cost of services.
- 1.12** The changes we make will ensure that we can effectively monitor compliance with the PSRs 2017. We also seek to advance our statutory objectives, in particular promoting effective competition in the interests of consumers, and securing an appropriate degree of protection for consumers.
- 1.13** Our proposals for registration and authorisation are designed to ensure that we have the right information to assess applications and only approve businesses that will meet the requirements of the regulatory regime.

Measuring success

- 1.14** The reporting and record-keeping proposals in this CP will ensure we are able to collect data on how PSPs are meeting the requirements of PSD2. As part of our supervisory approach we will review this data, including trends to understand the impact that PSD2 is having on the market. This data will help us assess whether the aims of PSD2 are being met.
- 1.15** If the data indicates that PSPs are not meeting their regulatory obligations, or that the requirements are no longer appropriate, we will consider whether we need to make any changes to our approach.

Equality and diversity considerations

- 1.16** We have considered the equality and diversity issues that may arise from the proposals in this CP. Overall, we do not consider that the proposals in this CP adversely impact



any of the groups with protected characteristics i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

- 1.17** We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing our Policy Statement.

Next steps

What do you need to do next?

- 1.18** We have separately published feedback to our consultation on fees in a Policy Statement.³
- 1.19** We welcome comments on our proposed authorisation and registration forms, our reporting and record keeping proposals and our changes to the Approach Document. Please respond to the consultation questions by 18 August 2017 using the online response form on our website or write to us at the address on page 2.
- 1.20** We are giving respondents five weeks to provide us with feedback on this consultation. We consider this consultation window appropriate as the proposals will not have a significant impact on businesses and we believe that providing confirmed guidance, rules and directions sooner (once the consultation is concluded) will help businesses as they prepare for the implementation of PSD2.
- ### What will we do next?
- 1.21** Following this consultation, we will consider feedback on authorisation and registration forms and make the final forms available in September 2017, before opening for applications in October 2017.
- 1.22** We will also finalise our reporting and record keeping rules, directions and guidance and publish a Policy Statement in Q3 2017.
- 1.23** We will consider whether we need to consult on any further changes in Q3-Q4 2017 to reflect EBA Guidelines or Regulatory Technical Standards.

3 FCA, PS17/15, July 2017. www.fca.org.uk/publication/policy/ps17/15.pdf

2 Reporting and record keeping

Who should read this chapter

Payment service providers (PSPs) and e-money issuers.

We indicate under each proposal the category of PSP or e-money issuer that will be affected by each change.

- 2.1** The information we gather from authorised or registered businesses provides us with insights that help us to understand the market better and support our supervision of businesses. The ways we get this information include regular reporting, event-driven notifications, and ad-hoc information requests.
- 2.2** This chapter sets out proposed changes to our reporting, notification and record keeping requirements for PSPs in light of PSD2. This includes new major incident reporting as required under PSD2, and changes to the regular reporting on own funds to reflect changes under PSD2. We are also proposing a rule to ensure that records are kept by banks and building societies about the volume of their account information service and payment initiation service business.
- 2.3** The new reporting and notification templates and guidance notes for completion, as well as the proposed record keeping rule, are set out in Appendix 1 of this CP. In Appendix 3 we have set out updates which will be made to Chapters 9 (capital resources and requirements) and 13 (reporting and notifications) of the revised Approach Document.

Incident reporting

- 2.4** The proposals below on incident reporting are relevant to all PSPs.
- 2.5** Under PSD2, PSPs are required to notify us if they become aware of a major operational or security incident (such as a cyber-attack on an IT system which prevents consumers from using their bank accounts). This requirement is set out in regulation 99 of the draft PSRs 2017.
- 2.6** This reporting will support us in understanding incidents that occur and, where relevant, taking any steps needed to protect the immediate safety of the financial system, customers and other PSPs in response to incidents.
- 2.7** The European Banking Authority (EBA) has consulted on draft Guidelines on major incidents reporting under PSD2, which set out the criteria for when incidents should be considered 'major' and therefore be notified. The criteria include the number of transactions and clients affected, whether other PSPs are affected, the extent of service downtime, and whether the incident has a high level of internal escalation.
- 2.8** The Guidelines also set out how and when these major incidents should be notified. The draft Guidelines state that an initial notification must be sent within two hours of the incident being detected (where the competent authority is open for the receipt of



notifications). This should then be followed by at least one intermediate report, and a final report, once root cause analysis has been conducted.⁴

- 2.9** PSD2 requires us to share details of incidents with the EBA and European Central Bank (ECB). The draft EBA Guidelines set out that we should also share details with other competent authorities in the UK as appropriate, such as where the incident impacts on another authority's remit.

Proposals

- 2.10** We propose to amend the Supervision manual (SUP) to direct that PSPs follow the EBA Guidelines to notify us of major operational or security incidents. These notifications will be made via our Connect system.⁵ We propose guidance in SUP that major incident notifications do not need to be submitted when the notification channel for these notifications is not operational. However, they should be submitted as soon as the channel is operational again. We may direct certain PSPs that they must also notify us of major operational or security incidents that occur outside of our general hours of operation for incident reporting.

- 2.11** We have set out our proposed changes to SUP to reflect incident reporting requirements in Appendix 1. Appendix 1 currently reflects the draft EBA Guidelines but we intend to reflect the final Guidelines when we finalise the legal instrument. In Annex 3 we summarise the incident reporting requirements and provide more guidance on when notifications should be submitted; this will become part of Chapter 13 of the revised Approach Document (reporting).

Q1: Do you agree with our proposal that PSPs follow the relevant EBA Guidelines to notify us of major operational or security incidents? If not, please explain why not and suggest an alternative approach.

Capital returns – own funds

- 2.12** The proposals below on own funds returns are relevant to authorised PIs and EMIs.
- 2.13** In CP17/11 we set out proposed changes to the data we currently collect from authorised PIs and EMIs through regulatory returns. We proposed that the FSA056 return for authorised PIs be modified, and a new consolidated return be created for all EMIs (different questions will be relevant for authorised EMIs and small EMIs).
- 2.14** We now consult on some changes to the aspects of these returns that relate to items that comprise 'own funds'. Own funds are the means by which authorised PIs, authorised EMIs, and some small EMIs (those whose average outstanding e-money exceeds the relevant monetary threshold) can meet their capital requirements.
- 2.15** While under PSD2 the capital requirements (the level of capital a firm must hold) are unchanged, the items that can be used to meet the own funds requirements will now be dictated by Regulation (EU) 575/2013 (Capital Requirements Regulation – CRR). The CRR contains more 'deductions' and 'prudential filters' which have the effect of

⁴ The draft EBA Guidelines on major incident reporting are available here: www.eba.europa.eu/documents/10180/1688810/Consultation+Paper+on+the+Guidelines+on+Major+Incidents+Reporting+under+PSD2+%28EBA-CP-2016-23%29.pdf

⁵ Connect is an online system which businesses use to submit certain applications and notifications to the FCA

requiring businesses to hold more robust capital to meet capital requirements than they currently do under PSD.

Proposals

- 2.16** We propose to amend the returns completed by authorised PIs and EMLs to reflect the categories of own funds under the CRR, which replace the old categories under PSD. The new proposed sections of these returns are set out in Appendix 1.
- 2.17** We are also providing a flow chart to help authorised PIs, authorised EMLs and small EMLs (as applicable) navigate the relevant parts of the CRR when calculating own funds. This will be set out in the Approach Document (and is provided in Appendix 3).

Q2: Do you agree with our proposed changes to reporting and the Approach Document to reflect that the items that can make up own funds are now dictated by the CRR? If not, please explain why not and suggest amendments.

Record keeping by credit institutions on account information services and payment initiation services business

- 2.18** These proposals are relevant to banks and building societies.
- 2.19** PSD2 brings account information service and payment initiation service activities within regulation for the first time. In CP17/11 we set out our proposed approach to these services and the obligations of account servicing payment service providers (ASPSPs) in relation to them. We also set out draft perimeter guidance on the definition of account information service and payment initiation service. For credit institutions we proposed that they notify the FCA before commencing these services.
- 2.20** These services have the potential to enhance competition in the retail banking market. Having data about volumes of business conducted by specific businesses would aid our understanding of how competition in this new market is working, including the market share held by different businesses. We have consulted in CP17/11 on collecting this data from PIs and EMLs through the regular returns they complete, but did not consult on proposals to collect this data from credit institutions (banks and building societies).

Proposals

- 2.21** We do not currently plan to introduce regular reporting for credit institutions on account information services and payment initiation services they provide. However, to give us a complete view of the market we want to ensure that credit institutions are also holding records about the volume of account information services and payment initiation services business they conduct. This would allow us to make potential requests for such data in future, as necessary, in line with our supervisory strategy.
- 2.22** We, therefore, propose to create a record-keeping rule in our Senior Management Arrangements, Systems and Controls sourcebook (SYSC) which would apply to credit institutions that carry out account information services or payment initiation services business. We set out this draft rule in Appendix 1. We propose that credit institutions be required to keep records on the following:



- the number of different payment accounts that the credit institution has accessed for the purposes of providing account information services
- the number of customers who have used the credit institution's account information services
- the number of payment accounts that the credit institution has accessed for the purposes of providing payment initiation services
- the number of payment transactions the credit institution has initiated when providing payment initiation services.

Q3: Do you agree with the proposed record-keeping rule on account information services and payment initiation services volumes? If not, please explain why not and suggest an alternative approach.

3 Authorisation and registration forms

Who should read this chapter

Businesses seeking registration with the FCA to conduct payment services business or issue e-money as a small payment institution (small PI) or small e-money institution (small EMI), as well as existing PIs and EMIs.

- 3.1** In CP17/11 we set out that PSD2 makes changes that will require new businesses to provide additional information and meet new conditions when seeking authorisation or registration to become a PI or EMI. We also highlighted that under PSD2, existing authorised PIs and authorised EMIs will need to be re-authorised and existing small PIs and small EMIs will need to be re-registered.
- 3.2** The information that needs to be provided by businesses wishing to become authorised payment institutions (authorised PIs), authorised EMIs, and registered account information service providers (RAISPs) is set out in the European Banking Authority (EBA) authorisation Guidelines.⁶ In CP17/11 we proposed to amend the authorisation forms in line with the EBA Guidelines, and to create a new RAISP application form based on these Guidelines.
- 3.3** In this chapter we set out our proposals for six other application forms, where we have some discretion on the approach we are taking. This includes the re-authorisation form for authorised PIs and authorised EMIs, the re-registration form for registered small PIs and registered small EMIs, and the registration form for prospective small PIs and small EMIs.
- 3.4** We intend to publish our authorisation and registration forms before opening for applications on 13 October 2017, and once the EBA Guidelines are finalised. This includes the authorised PI, authorised EMI and RAISP application forms, where we have already consulted on the approach. We will consider feedback from this CP and from CP17/11 before finalising these forms.

Re-authorisation form for authorised PIs and authorised EMIs

- 3.5** Existing authorised PIs and authorised EMIs must meet the conditions for authorisation (including the new conditions set out in PSD2) if they wish to continue to provide payment services or issue e-money after the transitional period has ended.
- 3.6** Under the draft PSRs 2017, authorised PIs and authorised EMIs must make their applications by no later than 13 April 2018 if they intend to continue providing payment services or issuing e-money on or after 13 July 2018.
- 3.7** Businesses that have not applied for and been granted re-authorisation in accordance with the transitional provisions in the PSRs 2017 before 13 July 2018 will have to stop

⁶ The final EBA Guidelines on authorisation under PSD2 can be found here:
<https://www.eba.europa.eu/-/eba-publishes-final-guidelines-on-authorisation-and-registration-under-psd2>



providing payment services, as will their agents, and authorised EMIs will have stop issuing e-money; the FCA will update the Financial Services Register to reflect that these businesses will no longer be authorised. We would encourage businesses to apply for re-authorisation as early as possible.

3.8 In CP17/11, we stated that our proposed approach to re-authorisation would be to seek the information from authorised PIs and authorised EMIs that is specified in the PSRs 2017 and the EBA Guidelines. While we are still considering the feedback we received to this consultation, the draft re-authorisation forms which are included in Appendix 2 to this CP follow this approach.

3.9 Authorised PIs and authorised EMIs will only need to provide information to us which they have not provided to us previously (whether as part of their original application for authorisation or through other means). The required information includes the applicant's programme of operations and its procedure to monitor, handle and follow up on a security incident and security related customer complaints.

3.10 Applicants will also be asked to confirm that there have been no material changes to information previously provided to the FCA.

Q4: Do you agree with our proposed approach to re-authorisation, including the re-authorisation form? If not, please explain why not and suggest an alternative approach.

Registration and re-registration forms for small PIs and small EMIs

3.11 Under the PSRs 2017 and amended Electronic Money Regulations 2011 (EMRs), an application for registration as a small PI or small EMI must contain, or be accompanied by, such information as the FCA may reasonably require.

3.12 In CP17/11 we set out that in addition to the information we currently request, we proposed to require some further information to reflect new PSD2 requirements:

- a description of the applicant's procedure for monitoring, handling and following up security incidents
- a description of the applicant's process for filing, monitoring, tracking and restricting access to sensitive payments data
- a description of the principles and definitions used by the applicant in collecting statistical data on fraud
- a description of the applicant's security policy.

3.13 Though we are still considering feedback received through CP17/11, the current draft of the registration forms (set out in Appendix 2) requests the categories of information above. As we stated in CP17/11, we think it is important to request this information at registration because it will allow us to assess whether small PIs and small EMIs will be able to meet the associated requirements under the PSRs 2017, which they will have to meet once registered.

- 3.14** We also asked in CP17/11 the extent to which we should apply the EBA Guidelines on authorisation where this relates to requirements that also apply to small PIs and small EMIs, including for the categories of information above. While we are still considering feedback to CP17/11, we take a proportionate approach in the current draft registration forms, given the smaller size of small PIs and small EMIs. We do though seek to achieve some consistency between the forms by aligning the language with the EBA Guidelines where we do ask for the same information.
- 3.15** We do though propose to require the same information about individuals responsible for the management of the business from prospective small EMIs and small PIs as we do from prospective authorised PIs and authorised EMIs. Similarly we propose to apply the aspects of the EBA Guidelines on authorisation relating to qualifying holdings in full to small PIs. We believe that a consistent approach should be taken where the conditions of registration are equivalent to the conditions of authorisation. This reflects the approach we currently take under PSD.
- 3.16** In CP17/11 we indicated that we would ask small PIs and small EMIs to describe how they intend to handle security-related complaints. Given that complaint handling is a core requirement under PSD2 for these businesses, we propose to ask them to describe how they will comply with complaint handling requirements more widely (i.e. payment services complaints beyond those relating to security).
- 3.17** For small PIs we additionally propose requesting information about how they will monitor the monthly average value of payment transactions, to allow us to understand whether these businesses will stay within the registration threshold. Small EMIs already provide us with information on their governance arrangements that includes this.
- 3.18** We set out more detail of our approach in Appendix 3, which will form part of Chapter 3 in the revised Approach Document.

Q5: Do you agree with the proposed approach to registration, including the registration forms and revised Approach Document text? If not, please explain why not and suggest amendments.

Re-registration form

- 3.19** Existing small PIs and small EMIs will need to re-register with us if they wish to continue providing payment services or issuing e-money after the transitional period has ended.
- 3.20** Under the draft PSRs 2017, small EMIs must make their applications by no later than 13 April 2018 if they intend to continue providing payment services or issuing e-money on or after 13 July 2018. Small PIs must make their applications by no later than 13 October 2018 if they intend to continue providing payment services on or after 13 January 2019. Businesses that have not successfully been re-registered before the end of the transitional timeframes will have to cease providing payment services, as will their agents, and small EMIs will have to stop issuing e-money; we will update the Financial Services Register to reflect that these businesses will no longer be registered.
- 3.21** In line with the PSRs 2017 and the amended EMRs, the information that we propose to require for re-registration is the same as the additional information that we will require under our draft registration form for small PIs and small EMIs.



3.22 The draft re-registration forms for small PIs and small EMIs are set out in Appendix 2. We set out more detail of our approach to registration (which is relevant to re-registration) in Appendix 3, which will form part of Chapter 3 in the revised Approach Document.

Q6: Do you agree with our approach to re-registration, including the proposed re-registration form and revised Approach Document text? If not, please explain why not and suggest amendments.

PSD2 variation of permission form and EMD variation of permission form

3.23 We currently have variation of permission forms for PIs that wish to change their regulatory permissions, for example, to provide additional payment services. To reflect changes under PSD2 we propose to amend the existing variation of permission form to create a PSD2 variation of permission form. We will update this form to take account of the payment services that will be newly regulated under PSD2 – account information service and payment initiation service.

3.24 We are also creating an EMD variation of permission form. Previously there was no need for a bespoke form for EMIs, as applications for varying permissions were not common. However, under regulation 7 of the amended EMRs a requirement will automatically be placed on existing EMIs preventing them from providing account information services or payment initiation services. New EMIs that do not intend to provide these services will also have a restriction placed on their permission.

3.25 For these restrictions to be lifted EMIs will need to apply for a variation of permission and demonstrate that they hold mandatory professional indemnity insurance (PII).

3.26 The proposed PSD2 variation of permission form (for PIs) and the proposed EMD variation of permission form (for EMIs) are set out at Appendix 2.

Q7: Do you agree with our proposed variation of permission forms for PIs and EMIs? If not, please explain why not and suggest amendments.

Annex 1

Questions in this paper

- Q1:** Do you agree with our proposal that PSPs follow the relevant EBA Guidelines to notify us of major operational or security incidents? If not, please explain why not and suggest an alternative approach.
- Q2:** Do you agree with our proposed changes to reporting and the Approach Document to reflect that the items that can make up own funds are now dictated by the CRR? If not, please explain why not and suggest amendments.
- Q3:** Do you agree with the proposed record-keeping rule on account information services and payment initiation services volumes? If not, please explain why not and suggest an alternative approach.
- Q4:** Do you agree with our proposed approach to re-authorisation, including the re-authorisation form? If not, please explain why not and suggest an alternative approach.
- Q5:** Do you agree with the proposed approach to registration, including the registration form and revised Approach Document text? If not, please explain why not and suggest amendments.
- Q6:** Do you agree with our approach to re-registration, including the proposed re-registration form and revised Approach Document text? If not, please explain why not and suggest amendments.
- Q7:** Do you agree with our proposed variation of permission forms for PIs and EMIs? If not, please explain why not and suggest amendments.



Annex 2

Cost benefit analysis

Introduction

1. Section 138I (2)(a) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) of any rules we propose under FSMA. A CBA is defined by FSMA as 'an analysis of the costs, together with an analysis of the benefits' that will happen if the proposed rules are made. It also requires us to include estimates of the costs and benefits, unless they cannot reasonably be estimated or it is not reasonably practicable to produce an estimate. This requirement to produce a CBA for rules made under FSMA does not apply in specified instances, including where the proposed rules would result in no or only a minimal increase in costs for businesses.
2. Some of the changes we propose will be made under FSMA, such as proposed changes to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) on record keeping. The changes made under FSMA will be subject to our FSMA CBA obligation unless an exemption applies.
3. However, the majority of the changes proposed in this CP will be made using powers given to us in the PSRs 2017 (including by amendment to the amended Electronic Money Regulations 2011 – EMRs):
 - Our proposals for reporting and notifications will be made using our powers to impose reporting requirements under regulation 109, or various powers to specify the form and content of notifications.
 - Our proposals for guidance in the revised Approach Document will be made under regulation 120 of the PSRs 2017.
 - Our proposals on reauthorisation, registration and re-registration are made under Part 2 of the PSRs 2017, Part 2 of the EMRs and the transitional provisions of those regulations.
4. We will not be required to publish a CBA in relation to the exercise of our powers under the PSRs 2017. However, regulation 106(3) of the draft PSRs 2017 states that we must have regard to (among other things) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits. To assist us in assessing the proportionality of our proposals, we have considered whether they impose costs on payment service providers (PSPs) beyond those which are inherent in the PSRs 2017.
5. Our proposals are based on carefully weighing up the costs and benefits of the policy options and reaching a judgement about the appropriate level of consumer protection, taking into account all the other impacts we foresee.

Overall cost of PSD2 implementation

6. We recognise that businesses will incur material costs complying with PSD2. The broader costs have been considered by the EU Commission and the UK Government:
- The European Commission carried out an impact assessment⁷, which it published with its directive proposal in July 2013.
 - The Treasury has published its own draft impact assessment⁸ in relation to its proposed implementation approach. The Treasury has stated in its consultation that its approach is to copy-out PSD2's provisions where possible in creating the PSRs 2017, but to keep using the Member State derogations exercised in the implementation of PSD, to ensure the payment services regime remains, as far as possible, tailored for the UK payments market.⁹
7. We have taken the EU Commission and the Treasury's respective impact assessments into account in this CBA and in the CBA of CP17/11 and do not propose to repeat this analysis.

Context and policy approach

8. PSD2 has the following high-level aims:
- bring regulation up to date with developments in the market for payment services
 - increase innovation and improve market access for PSPs
 - drive down the cost of services
 - make payments safer and more secure
 - improve consumer protection

Our implementation approach

9. The proposals in this paper are designed to make sure the aims of PSD2 are realised in the UK, and that we are able to effectively monitor and enforce compliance with the PSRs 2017. We also seek to advance our statutory objectives, where applicable, in particular ensuring an appropriate level of consumer protection and promoting effective competition in the interests of consumers.

Summary of our analysis

10. We provide a separate CBA for each proposal (where this is applicable), but also provide a summary of the analysis below. For the majority of the proposals we have not quantified costs because it is not practicable to do so, or because we are not adding

7 ec.europa.eu/internal_market/payments/docs/framework/130724_impact-assessment-full-text_en.pdf

8 www.gov.uk/government/uploads/system/uploads/attachment_data/file/598246/PSDII-consultation-Impact-Assessment.pdf

9 HM Treasury, Implementation of the revised EU Payment Services Directive II, February 2017, www.gov.uk/government/consultations/implementation-of-the-revised-eu-payment-services-directive-psdii

costs beyond what is required in PSD2. We do not provide a summary of the benefits in the table, as we have not quantified benefits; we provide a qualitative analysis of benefits within each respective CBA.

11. In estimating the number of businesses affected below for each proposal, we have generally used the total potential population, based on the regulatory permissions that businesses have.

Summary of the CBA

Proposal	Types of businesses affected	Estimated number of businesses affected	Estimated cost per business	Total costs
Incident reporting	PSPs	1552	No additional cost imposed above EU obligations	No additional cost imposed above EU obligations
Capital returns – own funds	Authorised PIs and EMIs	490	Minimal significance	Minimal significance
Record keeping on account information services and payment initiation services	Credit institutions	341	Minimal significance	Minimal significance
Re-authorisation form	Authorised PIs and authorised EMIs	473	No additional cost imposed above EU obligations	No additional cost imposed above EU obligations
Registration and re-registration forms	Small PIs and small EMIs	738	Small PIs: £600-£1,000 Small EMIs: £500-£9,750	Small PIs: £432,600-£721,000 Small EMIs: £8,500-£165,750

Proposed Handbook changes and directions

1. Incident reporting

12. We propose to amend our Supervision manual (SUP) to direct that PSPs follow the European Banking Authority (EBA) Guidelines to notify us of major operational or security incidents.
13. The incident reporting requirements introduced by PSD2 are intended to introduce a common approach across the EU and we have little discretion around their implementation. Our proposal will not add any additional obligations beyond what is required in the EBA Guidelines. Therefore, we do not estimate the costs and benefits of the changes.
14. Although we are not quantifying costs and benefits, we have considered the proportionality of the requirements, which have also been subject to a CBA by the EBA. We consider that they are consistent with the requirements created by PSD2 (and the PSRs 2017), while potentially improving their proportionality by excluding smaller incidents through the criteria set in the EBA Guidelines. Our approach will further

reduce unnecessary burden on PSPs, as we have also sought to clarify in guidance that most PSPs will not need to submit notifications outside of the hours where we would be unable to consider notifications.

2. Capital returns – own funds

- 15.** We propose to amend the returns completed by authorised PIs and EMIs to reflect the categories of own funds under the Capital Requirements Regulation (CRR), which replace the old categories under PSD.
- 16.** Costs will primarily arise from authorised PIs and EMIs needing to meet the new CRR requirements for own funds, as a result of PSD2 (implemented through the PSRs 2017), rather than as a result of our changes. Our proposals are for these businesses to report on own funds, as they currently do.
- 17.** We are not increasing the requirements on authorised PIs and EMIs but have sought to ensure the level of detail we receive in reporting is similar to what is currently required. As the burden for businesses is not increasing as a result of our proposed changes, we consider that costs incurred will be of minimal significance, so we have not conducted a CBA.

3. Record keeping on account information services and payment initiation services

- 18.** We are proposing to introduce a rule that credit institutions should keep records on the volumes of account information services and payment initiation services business they conduct.
- 19.** We have been told by four credit institutions that they would likely already be holding the majority of the information required by our record keeping rule as a matter of course. We, therefore, believe costs associated with this proposal will be of minimal significance so did not conduct a formal CBA.

Proposed authorisation and registration forms

1. Re-authorisation forms

Proposals

- 20.** We propose that authorised PIs and authorised EMIs applying for re-authorisation provide the information and documentation which is required under the EBA Guidelines that we did not request from these businesses when they applied for authorisation under PSD.
- 21.** The requirement for authorised PIs and authorised EMIs to be re-authorised is set by PSD2 and the PSRs 2017. The detailed information requirements for authorisation applications are set by the EBA Guidelines on authorisation, with which the FCA and applicants must make every effort to comply. We have little discretion around the implementation of these authorisation requirements.
- 22.** PSD2 aims to create a level playing field by ensuring that existing businesses are able to demonstrate they are meeting the standard that new businesses will have to meet to obtain authorisation; the re-authorisation forms, therefore, necessarily reflect the authorisation forms. Other than aligning the re-authorisation form with the authorisation form and the EBA Guidelines, our proposal will not add any additional



burden on businesses. Therefore, we have not estimated the costs and benefits of the changes.

- 23.** Although we are not quantifying costs and benefits, we have given consideration to the proportionality of the requirements (currently in draft form), which have also been subject to a CBA by the EBA. While we recognise that there will be material costs incurred by businesses providing the information set out in the EBA Guidelines, we consider that they are a consequence of the requirements created by PSD2 (and the PSRs 2017).

2. Registration and re-registration forms

Proposals

- 24.** We propose to request additional information from prospective small PIs and small EMIs in registration application forms. This information relates to new requirements under PSD2, such as reporting and complaint-handling requirements. We would also request this information from existing small PIs and small EMIs when they apply for re-registration.

Costs

- 25.** We do not consider the costs of meeting the underlying requirements set by the PSRs 2017 (such as the costs of complying with requirements around sensitive payments data), as these are considered in the Treasury's impact assessment. The costs associated with our proposals will be the cost of providing information to the FCA at the point of applying to registration to demonstrate that these underlying requirements are being met.
- 26.** The costs incurred will largely be staff time spent producing and submitting relevant documentation to the FCA. These costs should be reduced as we are proposing to take a proportionate approach, given the smaller size of small PIs and small EMIs. We propose to request less detail from these businesses than we will from prospective authorised PIs and authorised EMIs.
- 27.** We have been told by a compliance consultant and some trade bodies that the cost of providing this information will be between £500 and £9,750 for a small EMI and between £600 and £1,000 for small PIs.¹⁰ We believe that the higher estimate for small EMI costs may include the cost of meeting the reporting obligations, which we have considered elsewhere (including in CP17/11) and so may overstate the cost to small EMIs of providing us with information at registration.
- 28.** To estimate the total costs to industry we multiply the cost per businesses by the relevant populations – 17 small EMIs and 721 small PIs. We estimate that the total cost to small EMIs (whole population) will be £8,500 – £167,750, and the total cost to small PIs (whole population) will be £432,600 – £721,000.

Benefits

- 29.** The aim of the proposal is to ensure that we have the right information to enable us to properly assess whether current and prospective small EMIs and small PIs will be able to meet the registration conditions under the PSRs 2017. It will also support our supervision of these businesses by ensuring we have looked, at the point of

¹⁰ We discount an estimate we were provided for small PI costs which was an outlier and appeared to include costs of meeting the underlying requirements set by the PSRs 2017, rather than the cost of providing this information at the point of registration or re-registration.



registration, at how they will comply with particular new requirements under PSD2. By being better able to assess businesses at the point of registration this should increase protection of consumers and contribute towards effective competition.



Annex 3

Compatibility statement

Compliance with legal requirements

1. When consulting on new rules, we are required by s138I(2) of FSMA to include:

 - an explanation of how our proposals are compatible with our strategic objective and advance one or more of our operational objectives
 - an explanation of how we have had regard to the regulatory principles set out in s3B of FSMA
 - a statement on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons
2. The requirements of section 138I do not apply to our proposals for guidance or directions under the PSRs 2017 or the amended Electronic Money Regulations 2011 (EMRs). However, under the PSRs 2017 and EMRs, when determining the general policy and principles by reference to which we perform particular functions under those regulations we will be required to have regard to the principles set out in regulation 106(3) of the draft PSRs 2017. These mirror the principles in s3B of FSMA.
3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (s1B(4) of FSMA). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection or integrity objectives.
4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under s1JA of FSMA about aspects of the economic policy of Her Majesty's Government to which we should have regard in connection with our general duties.
5. This Annex includes our assessment of the equality and diversity implications of these proposals.
6. Under the Legislative and Regulatory Reform Act 2006 (LRRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRRA.

The FCA's objectives and regulatory principles: Compatibility statement

7. Our proposed rules and Handbook guidance are compatible with our strategic objective of ensuring that the relevant markets function well. For the purposes of the FCA's strategic objective, 'relevant markets' are defined by s1F of FSMA.
8. These changes, and the other changes we are proposing, including those introducing incident reporting, and the authorisation and registration forms give effect to policies put in place by PSD2, the PSRs 2017, and European Banking Authority (EBA) Guidelines and so contribute to fulfilling their aims. These correspond closely with our operational objectives of ensuring an appropriate level of consumer protection and promoting effective competition in the interests of consumers.
9. Our proposals to seek additional information from applicants for registration as small payment institution (small PI) or small e-money institution (SEMI) will help advance these aims by providing us with better information to assess whether these businesses are meeting new requirements under PSD2 which are designed to protect consumers.
10. Our proposals are also compatible with our objective of promoting effective competition in the interests of consumers; our proposed record keeping rule should help us assess how competition is working in the account information services and payment initiation services market.

Compatibility with the principles of good regulation and regulation 106 of the PSRs 2017

11. In preparing the proposals set out in this CP, we have had regard to the regulatory principles set out in s3B of FSMA, regulation 106 of the draft PSRs 2017 and regulation 47 of the EMRs. We set out below how our proposals are compatible with each principle.
The need to use our resources in the most efficient and economic way
12. For the proposals in this CP, to the extent that we have discretion in implementing PSD2, we have had regard to the burden on the FCA in assessing how best to implement.
13. We have designed the own funds questions in the capital returns to ensure that we receive the appropriate level of detail from businesses and do not spend a disproportionate amount of time reviewing this information.
The principle that a burden or restriction should be proportionate to the benefits
14. We believe the proposals in this CP containing burdens or restrictions are proportionate to the benefits, and set out our analysis of the costs and benefits of our proposals in our CBA.
15. Our proposals for registration and re-registration applications are such that we receive less detail than for authorisation applications, ensuring that our registration and authorisation requirements are proportionate to the risks posed by prospective businesses.



The desirability of sustainable growth in the economy of the United Kingdom in the medium or long term

16. The proposals support implementation of PSD2, which seeks to improve competition in payment services, and improve access for payment services businesses.
17. Our record keeping proposal is designed to help us understand how competition in the account information services and payment initiation service market is working. These newly regulated services could allow customers to share information about their bank accounts to improve their ability to manage their money, and increase the payment options for customers paying online products and services. This innovation and competition could contribute to growth in the payment services sector and in turn the UK's economy.

The general principle that consumers should take responsibility for their decisions

18. We do not propose any requirements which are inconsistent with this principle.

The responsibilities of senior management

19. We believe the proposals in this CP are consistent with this principle. Senior managers of PSPs will need to ensure compliance with the PSRs 2017 and the relevant parts of our Handbook.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

20. Section 138K of FSMA requires us to provide an opinion on whether the impact of a proposed rule on mutual societies is significantly different to the impact on other authorised persons.
21. Some of our proposals affect mutual societies, such as building societies. We are satisfied that the impact of our proposals on mutuals is not significantly different than on other authorised businesses.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, the EMRs or the PSRs 2017, or requiring them to publish information

22. We have the power to publish information relating to investigations into businesses authorised under FSMA, the PSRs 2017 and the EMRs, and individuals.
23. We do not currently consider the information we would gather as a result of proposals in this CP would be appropriate to publish.

The principle that we should exercise our functions as transparently as possible

24. We are exercising our functions transparently by consulting on the proposals within this CP, including authorisation and registration forms.

Impact on financial crime

25. In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention

of the general prohibition, to be used for a purpose connected with financial crime (as required by s1B(5)(b) of FSMA).

26. Section 1B(5)(b) of FSMA is not relevant to all the proposals in this CP, as the majority of them are made under the PSRs 2017. However, we have considered the extent to which we need to obtain information at authorisation and registration to assess whether a prospective business is likely to contribute to financial crime.

Compatibility with the duty to promote effective competition in the interests of consumers

27. In preparing the proposals as set out in this consultation, we have had regard, where relevant, to the FCA's duty to promote effective competition in the interests of consumers.
28. Our proposals seek to pursue the protection of consumers of retail banking services by promoting competition in the account information services and payment initiation services market.
29. Though there is no competition duty under the PSRs 2017, this duty is closely aligned with the aims of PSD2, and we also considered the impact on competition when designing the forms for re-authorisation, registration and re-registration. We have sought to increase our ability to assess prospective small PIs and small EMIs without disproportionately raising barriers to entry, to secure an appropriate degree of protection for consumers.

Equality and diversity

30. We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions. As part of this, we conduct an equality impact assessment to ensure that the equality and diversity implications of any new policy proposals are considered.
31. The outcome of the assessment in this case is stated in paragraphs 1.16-1.17 of this CP.

Legislative and Regulatory Reform Act 2006

32. We have had regard to the principles in the LRA and the Regulators' Code for the parts of the proposals that consist of general policies, principles or guidance and consider that our proposals are proportionate and result in an appropriate level of consumer protection, when balanced with impacts on businesses and on competition.



Treasury recommendations about economic policy

- 33.** We have had regard to the Treasury's recommendations made under s1JA of FSMA when forming our proposals.¹¹ We do not consider our proposals to be inconsistent with these recommendations.
- 34.** We consider that our record keeping proposal supports the Government's policy to increase competition in retail banking, and to promote innovation to support the wider economy.

¹¹ The Treasury, Recommendations for the Financial Conduct Authority: Spring Budget 2017, www.gov.uk/government/uploads/system/uploads/attachment_data/file/597668/Recommendations_Financial_Conduct_Authority_Spring_Budget_2017.pdf

Annex 4

Abbreviations in this CP

ASPSP	account servicing payment service provider
CBA	cost benefit analysis
CP	Consultation paper
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECB	European Central Bank
EEA	European Economic Area
EMI	electronic money institution
EMRs	Electronic Money Regulations 2011
EU	European Union
FSA	Financial Services Authority
FSMA	Financial Services and Markets Act 2000
the Treasury	Her Majesty's Treasury
LRRA	Legislative and Regulatory Reform Act 2006
PI	Payment institution
PSD	Payment Services Directive
PSD2	The revised Payment Services Directive
PSP	payment service provider
PSRs 2009	Payment Services Regulations 2009
PSRs 2017	Payment Services Regulations 2017
RAISP	registered account information service provider



SUP	Supervision manual
SYSC	Senior Management Arrangements, Systems and Controls sourcebook

Annex 5

Terms used in this CP which have a meaning given under the Payment Services Regulations 2017

account servicing payment service provider	means a payment service provider providing and maintaining a payment account for a payer
authorised payment institution	means <ul style="list-style-type: none">(a) a person included by the Authority in the register as an authorised payment institution pursuant to regulation 4(1)(a); or(b) a person included by the Authority in the register pursuant to regulation 153 (transitional provisions)
credit institution	in summary, this means a business that takes deposits from the public and grants credit for its own account. For a full legal definition please refer to the respective definitions in the PSRs 2017 or EMRs (as appropriate) and Article 4(1) of the Capital Requirements Regulations (EU) 575/2013
electronic communications service	means a service normally provided for remuneration which consists wholly or mainly in the conveyance of signals on electronic communications networks, including telecommunications services and transmission services in networks used for broadcasting, but exclude services providing, or exercising editorial control over, content transmitted using electronic communications networks and services; it does not include information society services, as defined in Article 1 of Directive 98/34/EC, which do not consist wholly or mainly in the conveyance of signals on electronic communications networks; (as defined in Article 2(c) of Directive 2002/21/EC)
electronic money institution	means a legal person that has been granted authorisation under Title II to issue electronic money (Article 2(1) of the electronic money directive)



payment service provider	means any of the following persons when they carry out payment services— <ul style="list-style-type: none">(a) authorised payment institutions;(b) small payment institutions;(c) registered account information service providers;(d) EEA authorised payment institutions;(e) EEA registered account information service providers;(f) electronic money institutions;(g) credit institutions;(h) the Post Office Limited;(i) the Bank of England, the European Central Bank and the national central banks of EEA States other than the United Kingdom, other than when acting in their capacity as a monetary authority or carrying out other functions of a public nature; and(j) government departments and local authorities, other than when carrying out functions of a public nature
small payment institution	means a person included by the Authority in the register pursuant to regulation 4(1)(b)

We have developed the policy in this Consultation Paper in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

You can download this Consultation Paper from our website: www.fca.org.uk.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 9644 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.



Appendix 1

Draft Handbook text

PAYMENT SERVICES INSTRUMENT 2017

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Act:
 - (a) section 137A (The FCA's general rules);
 - (b) section 137T (General supplementary powers); and
 - (c) section 139A (Power of the FCA to give guidance);
 - (2) the following regulations of the Regulations:
 - (a) regulation 30 (4) and (5) (Supervision of firms exercising passport rights);
 - (b) regulation 99 (2) (Incident reporting);
 - (c) regulation 109 (Reporting requirements); and
 - (d) regulation 120 (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

[*Editor's note:* The FCA consulted on other parts of the Payment Services Instrument 2017 in CP17/11 'Implementation of the revised Payment Services Directive (PSD2): draft Approach Document and draft Handbook changes' (April 2017). Only the rule-making powers relevant to the parts of the Payment Services Instrument 2017 being consulted on in this consultation have been listed above.]

Commencement

- C. This instrument comes into force on 13 January 2018.

Amendments to the Handbook

- D. The Senior Management Arrangements, Systems and Controls sourcebook (SYSC) is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Payment Services Instrument 2017.

By order of the Board
[date]

[*Editor's note:* The text in the following Annexes takes into account the changes suggested by CP17/11: 'Implementation of the revised Payment Services Directive (PSD2): draft Approach Document and draft Handbook changes' (April 2017), as if they were made.]

Annex A

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text.

1 Annex Detailed application of SYSC

1

...

Part 3	Tables summarising the application of the common platform requirements to different types of firm			
...				
Provision SYSC 9	COLUMN A Application to a common platform firm other than to a UCITS investment firm	COLUMN A+ Application to a UCITS management company	COLUMN A++ Application to a full-scope UK AIFM of an authorised AIF	COLUMN B Application to all other firms apart from insurers, managing agents, the Society, and full-scope UK AIFMs of unauthorised AIFs
...				
<u>SYSC 9.2</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Applicable to credit institutions only, not including incoming EEA firms which have permission for cross border services only and which do not carry on regulated activities in the United Kingdom.</u>

...

After SYSC 9.1 (General rules on record-keeping) insert the following new section. The text is all new and is not underlined.

- 9.2 Credit institutions providing account information services or payment initiation services**
- 9.2.1 R A *credit institution* must keep records of any *account information services* and *payment initiation services* it provides.
- 9.2.2 R A *UK firm* must keep the records required by SYSC 9.2.1R in respect of *account information services* and *payment initiation services* provided anywhere in the *EEA*. The records must make clear in which *EEA State* those services were provided.
- 9.2.3 R An *EEA firm* must keep the records required by SYSC 9.2.1R in respect of *account information services* and *payment initiation services* provided in the *UK*.
- 9.2.4 R The records required by SYSC 9.2.1R must be sufficient to enable the *credit institution* to provide to the *FCA*, upon request, the following information:
- (1) The number of different *payment accounts* that the *credit institution* has accessed for the purposes of providing *account information services*.
 - (2) The number of *payment service users* who have used the *account information services* provided by the *credit institution*.
 - (3) The number of different *payment accounts* that the *credit institution* has accessed for the purposes of providing *payment initiation services*.
 - (4) The number of *payment transactions* the *credit institution* has initiated when providing *payment initiation services*.
- 9.2.5 R The records required by SYSC 9.2.1R must be sufficient to enable the *credit institution* to provide the *FCA* with the information specified in SYSC 9.2.4R for each calendar year in the previous 5 years, except that there is no requirement to record this information for any period prior to 13 January 2018.
- 9.2.6 G *Credit institutions* providing *account information services* and *payment initiation services* are also required to notify the *FCA* in accordance with SUP 15.8.12R.

Annex B

Amendments to the Supervision sourcebook (SUP)

In this Annex, underlining indicates new text, unless otherwise stated.

15.14 Notifications under the Payment Services Regulations

...

Notification of major operational or security incidents under regulation [99]

- 15.14.16 G Regulation [99] (1) of the *Payment Services Regulations* provides that, if a *payment service provider* becomes aware of a major operational or security incident, the *payment service provider* must, without undue delay, notify the *FCA*. The purpose of this section is to direct the form and manner in which such notifications must be made and the information they must contain, in exercise of the power in regulation [100] (2) of the *Payment Services Regulations*.
- 15.14.17 G The *EBA* has issued Guidelines on incident reporting under the *Payment Services Directive* that specify the criteria a *payment service provider* should use to assess whether an operational or security incident is major and needs to be reported to the *FCA*. These Guidelines also specify the format for the notification and the procedures the *payment service provider* should follow.
- 15.14.18 D *Payment service providers* must comply with the *EBA*'s Guidelines on incident reporting under the *Payment Services Directive* as issued on [date] where they are addressed to *payment service providers*.
- 15.14.19 D In particular, a notification required by regulation [99] (1) of the *Payment Services Regulations* must be submitted by the *payment service provider* to the *FCA*:
- (1) within the timescales and at the frequencies specified in the *EBA*'s Guidelines on incident reporting under the *Payment Services Directive*;
 - (2) in writing on the form specified in *SUP* 15 Annex [X]; and
 - (3) by such electronic means as the *FCA* may specify.
- 15.14.20 G *Payment service providers* should note that article 16(3) of Regulation (EU) No 1093/2010 also requires them to make every effort to comply with the *EBA*'s Guidelines on incident reporting under the *Payment Services Directive*.
- 15.14.21 G Where the electronic means of submission of notifications is known not to be available or operated at the time the incident is first detected, the

notification should be sent to the FCA as soon as the electronic means of submission becomes available and operational again. Unless the FCA has informed a specific payment service provider that electronic means of submission are also available to it and operated at other times, the electronic means of submission are available and operated during normal operating hours, as specified by the FCA.

- 15.14.22 G The EBA's Guidelines on incident reporting under the Payment Services Directive contain guidelines on the completion of the form specified in SUP 15 Annex [X]. Payment service providers should use the same form in all reports concerning the same incident. Payment service providers may not have sufficient information to complete all parts of the form in the initial report. They should complete the form in an incremental manner and on a best effort basis as more information becomes readily available in the course of their internal investigations.

After SUP 15 Annex 10 (Form NOT003 AIS/PIS denial (notification by account servicing payment service providers under regulation 71)) insert the following new Annex as SUP 15 Annex 11D. The text is not underlined.

**15 Annex Form Notification of major operational or security incidents – PSD2
11D**

Major Incident Report			
1 - GENERAL DETAILS			
Type of report (*)	<input type="radio"/> Individual <input type="radio"/> Consolidated		
Affected PSP			
PSP Name (*)			
PSP unique identification number, if applicable (*)			
PSP authorisation number, if applicable (*)			
Head of Group, if applicable (*)			
Home country (*)			
Country(ies) affected by the incident (*)			
Contact person (*)			
Contact email (*)			
Contact telephone (*)			
Reporting entity (if different from the affected PSP)			
Name (*)			
Unique identification number, if applicable (*)			
Authorisation number, if applicable (*)			
Contact person (*)			
Contact email (*)			
Contact telephone (*)			
Report details			
Date and time of the report (*)	DD/MM/YYYY, HH:MM		
Is this an update of a previous incident report? (*)	YES <input type="radio"/>	NO <input type="radio"/>	If so: reference of such report <input type="text"/>
Is this the final report (*)	YES <input type="radio"/>	NO <input type="radio"/>	
In case it is the final report, and the incident has been downgraded, please provide a short explanation			
What is the ETA for next update? (*)	DD/MM/YYYY, HH:MM		
2 - INCIDENT DISCOVERY			
Date and time of beginning of the incident, if known (*)	DD/MM/YYYY, HH:MM		
Date and time of detection of the incident (*)	DD/MM/YYYY, HH:MM		
If still ongoing, when is it expected to be over? (*)	DD/MM/YYYY, HH:MM		
Actual date and time of recovery of the incident, if applicable (*)	DD/MM/YYYY, HH:MM		
Who discovered the incident? (*) (1)	<input type="text"/> If other, please explain: <input type="text"/>		
Please, provide a short description of the incident (*)			
Incident status (*)	Detection <input type="checkbox"/> Diagnostics <input type="checkbox"/>	Repair <input type="checkbox"/> Recovery <input type="checkbox"/>	Restoration <input type="checkbox"/> Closure <input type="checkbox"/>
3 - INCIDENT CLASSIFICATION			
Overall impact	Integrity <input type="checkbox"/> Availability <input type="checkbox"/>	Confidentiality <input type="checkbox"/> Authenticity <input type="checkbox"/>	Continuity <input type="checkbox"/>
Transactions affected (2)	Number of transactions affected <input type="text"/> % of regular level <input type="text"/> Value (in EUR) <input type="text"/> Alternative figures, if applicable <input type="text"/> Comments: <input type="text"/>		
Clients affected (3)	Total number of clients <input type="text"/> As a % of total clients <input type="text"/>		
Service downtime (4)	Total service downtime <input type="text"/> HH:MM		
Economic impact (5)	Direct costs (in EUR) <input type="text"/> Indirect costs (in EUR) <input type="text"/>		
High level of internal escalation (6)	Describe the level of internal escalation of the incident, indicating if it triggered a crisis mode (or equivalent) <input type="text"/>		
Other PSPs or relevant infrastructures potentially affected (7)	Describe how this incident could affect other PSPs and/or infrastructures <input type="text"/>		
Reputational impact (8)	Describe how the incident could affect the reputation of the PSP (e.g. media coverage, whether there is a legal or regulatory infringement, whether the PSP has been put in a competitive disadvantage...) <input type="text"/>		
Other impact (specify)			
PSP internal classification of the incident, if applicable			
4 - INCIDENT DESCRIPTION			
Type of Incident	Operational <input type="checkbox"/> Security <input type="checkbox"/>		
Cause of incident	Under investigation <input type="checkbox"/> External attack <input type="checkbox"/> } → Type of attack: Internal attack <input type="checkbox"/> } Distributed/Denial of Service (D/DoS) <input type="checkbox"/> External events <input type="checkbox"/> } Infection of internal systems <input type="checkbox"/> Human error <input type="checkbox"/> } Targeted intrusion <input type="checkbox"/> Process failure <input type="checkbox"/> } Other <input type="checkbox"/> System failure <input type="checkbox"/> } If Other, specify <input type="text"/> Other <input type="checkbox"/> If other, specify <input type="text"/>		
Was the incident affecting you directly, or indirectly through a service provider?	Directly <input type="radio"/> Indirectly <input type="radio"/>		If indirectly, please provide provider's name <input type="text"/>
Please provide a sufficiently detailed description of the incident (e.g.): - What is the specific issue? - How it happened? - How did it evolve? - Was it related to a previous incident? - Consequences (in particular for clients)			

Insert the following into the start of Part Two of Form FSA056 (Authorised Payment Institution Capital Adequacy Return) at SUP 16 Annex 27C. The text is not underlined.

[*Editor’s note: We consulted on Introductory Matters and Part One: Capital Requirements as part of CP17/11. The additions below will be incorporated into the FSA056 return as part of Part Two: Total capital resources.*]

FSA056 Authorised Payment Institution Capital Adequacy Return

Part Two: TOTAL CAPITAL RESOURCES

Part Two must be answered in GBP, unless otherwise stated

Elements of Own Funds

Common Equity Tier 1 (CET1) Capital

	B
90 CET1 items	
91 Adjustments to CET1 due to the application of Prudential Filters	
92 Deductions from CET1 items	
93 Exemptions from and alternatives to deductions from CET1 items	
94 Temporary waivers applied to CET1 deductions from own funds	
95 Total CET1 Capital	

Additional Tier 1 (AT1) Capital

96 AT1 Items	
97 Deductions from AT1 items	
98 Temporary waivers applied to AT1 deductions from own funds	
99 Total AT1 Capital	

Tier 2 (T2) Capital

100 T2 Items	
101 Deductions from T2 items	
102 Temporary waivers applied to T2 deductions from own funds	
103 Total T2 Capital	

Eligible Capital for calculating Own Funds

	A Total amount	B Eligible Amount	C Excess
104 CET1 Capital	-	-	-
105 AT1 Capital	-	-	-
106 Tier 1 Capital	-	-	-
107 T2 Capital	-	-	-

[*Editor’s note: We consulted on Part Three: Supplementary Information and Part Four: Providers of account information and/or payment initiation services as part of CP17/11.*]

Insert the following into the start of Part Two of SUP 16 Annex 27DG (Notes on completing FSA056 (Authorised Payment Institution Capital Adequacy Return)).

FSA056 Authorised Payment Institution Capital Adequacy Return

[*Editor's note:* We have consulted on guidance notes relating to Part One of the FSA056 return in CP17/11.]

Part Two: TOTAL CAPITAL RESOURCES

For the purposes of Part Two, please provide a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant). You should enter these items in GBP.

To understand the items that may be used to form 'own funds', APIs should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when calculating a figure for total capital resources.

Element 52B: This should be the sum of the capital items listed at [X] after deductions and adjustments (GBP).

Element 53B: Please provide the EUR equivalent value for 1 GBP to 4 decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. The InforEuro website provides historical exchange rates on a month-by-month basis:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

Element 54B: State the EUR equivalent of 'Element 52B' above.

...

[*Editor's note:* We have consulted on guidance notes relating to Part Two (52B onwards), Part Three and Part Four of the FSA056 return in CP17/11.]

Insert the following into the start of Section 3 of Form FIN060 (Authorised Electronic Money Institution Questionnaire) at SUP 16 Annex 30H. The text is not underlined.

[*Editor’s note:* We consulted on Section 1: Income Statement and Section 2: EMRs and PSRs 2017 activity, as part of CP17/11. The additions below will be incorporated into the FIN060 Authorised Electronic Money Institution Questionnaire return as part of Section 3: Capital resources (referred to in CP17/11 as ‘Net Capital Resources’).]

FIN060 Authorised Electronic Money Institution Questionnaire

Section 3: Capital resources

Section 3 must be answered in GBP, unless otherwise stated

Section 3(a): Common Equity Tier 1 (CET1) Capital

	B
12 CET1 items	
13 Adjustments to CET1 due to the application of Prudential Filters	
14 Deductions from CET1 items	
15 Exemptions from and alternatives to deductions from CET1 items	
16 Temporary waivers applied to CET1 deductions from own funds	
17 Total CET1 Capital	

Section 3(b): Additional Tier 1 (AT1) Capital

18 AT1 Items	
19 Deductions from AT1 items	
20 Temporary waivers applied to AT1 deductions from own funds	
21 Total AT1 Capital	

Section 3(c): Tier 2 (T2) Capital

22 T2 Items	
23 Deductions from T2 items	
24 Temporary waivers applied to T2 deductions from own funds	
25 Total T2 Capital	

Section 3(d): Eligible capital for calculating own funds

	A Total amount	B Eligible Amount	C Excess
26 CET1 Capital	-	-	-
27 AT1 Capital	-	-	-
28 Tier 1 Capital	-	-	-
29 T2 Capital	-	-	-

[*Editor’s note:* In CP17/11 we consulted on Section 3[x] (now Section 3(e)): Total capital resources, which will follow on from the above. We also consulted on Section 4: Capital requirements for unrelated payment services, Section 5: Overall capital requirements, Section 6: Method of Safeguarding, Section 7: Agents, Section 8: Payment systems, and Section 9: Providers of account information services or payment initiation services.]

Insert the following into the start of Section 3 of SUP 16 Annex 30I (Notes on completing FIN060 (Authorised Electronic Money Institution Questionnaire)).

Notes on completing FIN060 Authorised Electronic Money Institution Questionnaire

[Editor's note: We have consulted on guidance notes relating to Sections 1 -2 of the FIN060 Authorised Electronic Money Institution Questionnaire return in CP17/11. Please note that Section 3 was referred to as 'Net capital resources' in CP17/11.]

Section 3: Capital resources

For the purposes of Section 3, please provide a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant).

To understand the items that may be used to form 'own funds', firms should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when calculating a figure for total capital resources.

Element 12: This should be the sum of the capital items listed at [X] after deductions and adjustments (GBP).

Element 13: Please provide the EUR equivalent value for 1 GBP to 4 decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. The InforEuro website provides historical exchange rates on a month-by-month basis:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

Element 14: State the EUR equivalent of Element 12 above.

...

[Editor's note: We have consulted on guidance notes relating to Section 3[x] (now Section 3(e)) (Total capital resources), and Sections 4-9 of the of the FIN060 Authorised Electronic Money Institution Questionnaire return in CP17/11.]

Insert the following into the start of Section 4 of Form FIN060 (Small Electronic Money Institution Questionnaire) at SUP 16 Annex 30J. The text is not underlined.

[*Editor’s note:* We consulted on Section 1: Income Statement, Section 2: EMRs and PSRs 2017 activity and Section 3: Capital requirements for electronic money as part of CP17/11. The additions below will be incorporated into the FIN060 return as part of Section 4: Capital resources (referred to in CP17/11 as ‘Net Capital Resources’).]

FIN060 Small E-money Institution Questionnaire

Section 4: Capital resources

Section 4 must be answered in GBP, unless otherwise stated

Section 4(a): Common Equity Tier 1 (CET1) Capital

- 15 CET1 items
- 16 Adjustments to CET1 due to the application of Prudential Filters
- 17 Deductions from CET1 items
- 18 Exemptions from and alternatives to deductions from CET1 items
- 19 Temporary waivers applied to CET1 deductions from own funds
- 20 Total CET1 Capital

B

Section 4(b): Additional Tier 1 (AT1) Capital

- 21 AT1 Items
- 22 Deductions from AT1 items
- 23 Temporary waivers applied to AT1 deductions from own funds
- 24 Total AT1 Capital

Section 4(c): Tier 2 (T2) Capital

- 25 T2 Items
- 26 Deductions from T2 items
- 27 Temporary waivers applied to T2 deductions from own funds
- 28 Total T2 Capital

Section 4(d) Eligible capital for calculating own funds

- 29 CET1 Capital
- 30 AT1 Capital
- 31 Tier 1 Capital
- 32 T2 Capital

	A Total amount	B Eligible Amount	C Excess
29 CET1 Capital	-	-	-
30 AT1 Capital	-	-	-
31 Tier 1 Capital	-	-	-
32 T2 Capital	-	-	-

[*Editor’s note:* In CP17/11 we consulted on Section 4x (now Section 4(e)): Total capital resources and Section 4(d) (now Section 4(f)): Total capital surplus / deficit, which will follow on from the above. We also consulted on Section 6: Method of Safeguarding, Section 7: Agents, and Section 8: Payment systems as part of CP17/11.]

Insert the following into the start of Section 4 of SUP 16 Annex 30KG (Notes on completing FIN060 (Small Electronic Money Institution Questionnaire)).

Notes on completing FIN060 Small Electronic Money Institution Questionnaire

[*Editor's note:* We have consulted on guidance notes relating to Sections 1 -3 of the FIN060 Small Electronic Money Institution Questionnaire return in CP17/11. Please note that Section 4 was referred to as 'Net capital resources' in CP17/11.]

Section 4: Capital resources

For the purposes of Section 4, please provide a value for Common Equity Tier 1, Additional Tier 1 and Tier 2 capital items. You will also need to provide values for adjustments, deductions, exemptions, and temporary waivers (entering zero where not relevant).

To understand the items that may be used to form 'own funds', firms should consult the PSRs 2017, the Capital Requirements Regulation (EU) 575/2013 (CRR), and the Payment Services and Electronic Money Approach Document.

Regulation 2 of the PSRs 2017 sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital. The return will take into account these limits when calculating a figure for total capital resources.

Section 4(e): Total capital resources

Element 15: This should be the sum of the capital items listed at [X] after deductions and adjustments (GBP).

Element 16: Please provide the EUR equivalent value for 1 GBP to 4 decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. The InforEuro website provides historical exchange rates on a month-by-month basis:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

Element 17: State the EUR equivalent of Element 15 above.

...

[*Editor's note:* We have consulted on guidance notes relating to Section 4 (Total capital resources onwards), and Sections 6-8 of the of the FIN060 Small Electronic Money Institution Questionnaire return in CP17/11.]



Appendix 2

Draft authorisation forms

Application for Reauthorisation

Legal name of applicant firm

Firm reference number (FRN)

Institution type i.e. API or AEMI

Important information you should read before completing this form

This application should only be completed by existing authorised payment institutions authorised under the Payment Services Regulations 2009 or authorised electronic money institutions authorised under the Electronic Money Regulations 2011; and are applying for reauthorisation under the Payment Services Regulations 2017 or the Electronic Money Regulations 2011 (as amended by the Payment Services Regulations 2017).

The FCA register displays the payment services for which the applicant firm is currently authorised. This application for reauthorisation is made in respect of those payment services. If you consider the payment services recorded on the register to be an incorrect reflection of the firm's permission, you must notify us separately to this application. If you wish to apply to vary the applicant firm's permission (for example, by adding a new payment service) you must make a separate application.

This application form should be used to provide the information:

1. in the case of APIs, required by Regulation 151 and Schedule 2 of the PSRs 2017 and in accordance with the EBA Authorisation Guidelines;
2. in the case of AEMIs, required by Regulation 78A(4) and Schedule 1 of the EMRs 2011 (as amended by the PSRs 2017) and in accordance with the EBA Authorisation Guidelines.

The information will be used, along with information already held by the FCA, to assess whether the firm satisfies the new authorisation requirements introduced by the PSRs 2017 (including by amendment to the EMRs 2011) in implementation of PSD2.

Please keep a copy of your completed forms and any supporting documents you include in your application pack for future reference.

The guidance set out in the Approach Document available on the FCA's website will help you complete the questions in this form. It also explains why we require the requested information.

In accordance with the PSRs 2017 and the EMRs 2011 APIs and AEMIs that intend to provide services or issue e-money on or after 13 July 2018 will need to provide this new information to the FCA before 13 April 2018 in order to take advantage of the transitional arrangements.

Existing authorisations will cease to have effect on 13 July 2018 and firms that have not been re-authorised may be committing a criminal offence if they continue to provide regulated services on or after this date.

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011 and other relevant legislation and may be disclosed to third parties for those purposes or where statutory gateways exist.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to assess your application.

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- save all the parts of the form you have completed and attach to your application.

2 If you think a Question is not relevant to you, write 'not applicable' and explain why.

3 If you think that you have previously provided the information requested in Section 7 (Additional information) you are not required to provide it again. You must tell us when and how you supplied this information previously.

4 If you leave a Question blank without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.

6 Ensure you:

- save all the parts of the form you have completed;
- attach any supporting documents; and
- pay the application fee via Connect. The application fee is non-refundable.

Where you are required to attach supporting documents to your application, failure to do so will mean your application will not be progressed and you will be prevented from being able to submit your application through Connect.

Terms in this pack

In this form we use the following terms:

- **'AEMI'** refers to an Authorised Electronic Money Institution
- **'API'** refers to an Authorised Payment Institution
- **'Applicant', or 'applicant firm'** refers to the business or entity applying for a variation of permission
- **'Approach Document'** refers to our guidance document entitled "*Payment Services and Electronic Money – Our Approach*"
- **'PSRs'** refers to the Payment Services Regulations 2017
- **'PSD2'** refers to the revised Payment Services Directive (2015/2366)
- **'SPI'** refers to a Small Payment Institution
- **'the EBA's Register'** refers to the European Banking Authority's Register which is a central public record of payment services providers in the EEA.
- **'We', 'our', or 'us'** refers to the Financial Conduct Authority (FCA)
- **'you'** refers to the person(s) signing the form on behalf of the applicant firm

Contents of this form

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3 Process in place in file, monitor, track and restrict access to sensitive payment data	7
4 Business continuity arrangements	8
5 The principles and definitions applicable to the collection of statistical data on performance, transactions and fraud	9
6 Security policy	10
7 Additional Information	12

1.5 Name of professional adviser's firm

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1.6 Do you want us to copy all correspondence to the professional adviser?

- No ▶ Continue to Section 2
 Yes

1.7 Name and contact details of professional adviser

Title	
First name(s)	
Surname	
Business address	
Postcode	
Phone number (including STD code)	
Mobile number (optional)	
Email address	

2 Procedure to monitor, handle and follow up on a security incident and security-related customer complaints

Why do we ask the questions in this section?

This section is to be used to provide the information required under Schedule 2 of the PSRs (for APIs) or Schedule 1 of the EMRs (for AEMIs) and Guideline 9 (Procedure to monitor, handle and follow up on a security incident and security related customer complaints) of the EBA Authorisation Guidelines.

2.1 Please provide a description of the procedure in place to monitor, handle and follow up on security incidents and security-related customer complaints, including:

- the organisational measures and tools for the prevention of fraud;
- the reporting lines in case of fraud; and
- the monitoring tools used and the follow-up measures and procedures in place to mitigate security risks.

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2.2 Please provide details of the individual and bodies responsible for assisting customers in case of fraud, technical issues and/or claim management.

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2.3 Please provide the contact point for customers, including name and email address.

Name	
Email address	

2.4 Please provide a brief description of the procedures for the reporting of incidents, including:

- the communication of these reports to internal or external bodies; and
- notification of major incidents to the FCA under Regulation 99 of the PSRs in line with the EBA Guidelines on incident reporting.

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3

Process in place to file, monitor, track and restrict access to sensitive payment data

Why do we ask the questions in this section?

This section is to be used to provide the information required under Schedule 2 of the PSRs (for APIs) or Schedule 1 of the EMRs (for AEMIs) and Guideline 10 (Process in place to file, monitor, track and restrict access to sensitive payment data) of the EBA Authorisation Guidelines.

3.1 Please provide a description of the process in place to file, monitor, track and restrict access to sensitive payment data on a separate sheet of paper.

This should include:

- a description of the flows of data classified as sensitive payment data in the context of the payment institution's business model;
- the procedures in place to authorise access to the sensitive payment data;
- a description of the monitoring tool;
- the access right policy, detailing access to all relevant infrastructure components and systems, including data bases and back-up infrastructures;
- a description of how the collected data is filed;
- the expected internal and/or external use of collected data, including by counterparties;
- the IT system and technical security measures that have been implemented, including encryption and/or tokenisation;
- identification of the individual(s), bodies and/or committees with access to the sensitive payment data;
- an explanation of how breaches will be detected and addressed; and
- an annual internal control program in relation to the safety of the IT systems.

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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4

Business continuity arrangements

Why do we ask the questions in this section?

This section is to be used to provide the information required under Schedule 2 of the PSRs (for APIs) or Schedule 1 of the EMRs (for AEMIs) and Guideline 11 (Business continuity arrangements) of the EBA Authorisation Guidelines.

4.1 Please provide a description of the business continuity arrangements on a separate sheet of paper

This should include:

- a business impact analysis, including the business processes and recovery objective, such as recovery time objectives, recovery point objectives and protected assets;
- the identification of the back-up site, access to IT infrastructure and its key software and data to recover from a disaster or disruption;
- an explanation of how the applicant firm will deal with significant continuity events and disruptions, such as the failure of key systems, the loss of key data, inaccessibility of premises, and loss of key persons;
- the frequency with which the applicant intends to test the business continuity and disaster recovery plans, including how the results of the testing will be recorded; and
- a description of the mitigation measures to be adopted by the applicant firm, in case of termination of its payment services, to avoid adverse effects on payment systems and on payment services users ensuring execution of pending payment transactions and termination of existing contracts.

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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5 The principles and definitions applicable to the collection of statistical data on performance, transactions and fraud

Why do we ask the questions in this section?

This section is to be used to provide the information required under Schedule 2 of the PSRs (for APIs) or Schedule 1 (for AEMIs) and Guideline 12 (The principles and definitions applicable to the collection of statistical data on performance, transactions and fraud) of the EBA Authorisation Guidelines.

5.1 Please provide a description of the principles and definitions applicable to the collection of the statistical data on performance, transaction and fraud on a separate sheet of paper.

This should include:

- the type of data that is collected, in relation to customers, type of payment service, channel, instrument, jurisdictions and currencies;
- scope of the collection, in terms of activities and entities concerned, including branches and agents;
- the means, purpose and frequency of collection; and
- any supporting documents such as a manual that describes how the system works.

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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6

Security policy**Why do we ask the questions in this section?**

This section is to be used to provide the information required under Schedule 2 of the PSRs (for APIs) or Schedule 1 of the EMRs (for AEMIs) and Guideline 13 (Security policy document) of the EBA Authorisation Guidelines.

6.1 Please attach the applicant firm's security policy document.

This should include:

- a. a detailed risk assessment of the payment service(s) the applicant intends to provide, including risks of fraud and the security control and mitigation measures taken to adequately protect customers against the risks identified;
- b. a description of the IT systems including:
 - the architecture of the systems and their network elements;
 - the business IT systems supporting the business activities provided, such as the applicant firm's website, wallets, the payment engine, the risk and fraud management engine and customer accounting;
 - the support IT systems used for the organisation and administration of the applicant firm, such as accounting, legal reporting systems, staff management, customer relationship management, email servers and internal file servers; and
 - information on whether those systems are already used by the applicant or its group, and estimated date of installation, if applicable;
- c. the type of authorised connections from outside, such as with partners, service providers, entities of the group and employees working remotely, including the rationale for such connections;
- d. for each of the connections listed under point c), the logical security measures and mechanisms in place, specifying the control the applicant firm will have over these accesses as well as the nature and frequency of each control, such as technical versus organisational, preventive vs detective; real-time monitoring vs regular reviews, such as the use of an Active Directory separate from the group, the opening/closing of communication lines, security equipment configuration, generation of keys or client authentication certificates, system monitoring, authentication, confidentiality of communication, intrusion detection, antivirus and logs;
- e. the logical security measures and mechanisms in place that will govern the internal access to IT systems including:
 - the technical and organisational nature and frequency of each measure, such as whether it is preventive or detective or whether or not it is carried out in real time; and
 - how the issue of client environment segregation is dealt with in cases where the applicant's IT resources are shared.
- f. the physical security measures and mechanisms of the premises and the data centre of the applicant firm, such as access controls and environmental security;

- g. the security of payment processes, which should include:
- the customer authentication procedure used for both, consultative and transactional accesses, and for all underlying payment instruments;
 - an explanation on how the safe delivery to the legitimate payment services user and the integrity of authentication factors such as hardware tokens and mobile application is ensured, at the time of both, initial enrolment time and renewal; and
 - a description of the systems and procedures that the applicant firm has in place for transaction analysis and identification of suspicious or unusual transactions.
- h. a detailed risk assessment in relation to its payment services, including fraud and with a link to the control and mitigations explained in the application file, demonstrating that the risks are addressed; and
- i. a list of the main written procedures in relation to the applicant's IT systems or, for procedures that have not yet been formalised, an estimated date for their finalisation.

Security policy document attached

7 Additional information

An existing API or AEMI must provide to the FCA the information specified in Schedule 2 of the PSRs or Schedule 1 of the EMRs and the EBA Authorisation Guidelines (as applicable) that it has not previously provided to the FCA (whether as part of its original application for authorisation or otherwise). In this section we ask for detail on matters specified in Schedule 2 of the PSRs or Schedule 1 of the EMRs that is specified in the EBA guidelines but was not requested as part of your original application.

Where the applicant has already provided the required information to the FCA it may notify the FCA that it has done so rather than providing the information again (see 'Filling in the Form').

7.1 Please provide the following information as set out in Guideline 3 (Programme of operations) of the EBA Authorisation Guidelines

- a description of the execution of the different payment services, detailing all the parties involved, and including for each payment service provided:
 - i. a diagram of flow of funds;
 - ii. settlement arrangements;
 - iii. contracts between the parties involved in the provision of payment services including those with payment card schemes, if applicable;
 - iv. processing times; and
- a copy of the draft framework contract.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

7.2 Please provide the following information as set out in Guideline 4 (Business Plan) of the EBA Authorisation Guidelines

- an analysis of the applicant's competitive position in the payment market segment concerned, and a description of payment services users marketing materials and distribution channels;

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

7.3 Please provide the following information as set out in Guideline 5 (Structural organisation) of the EBA Authorisation Guidelines

- a detailed organisational chart, showing each division, department or similar structural separation, including the name of the person(s) responsible, in particular those in charge of internal control functions. The

chart should be accompanied by description of the functions and responsibilities of each division, department or similar structural separation;

- a forecast of the staff numbers for the next three years;
- With respect to outsourcing arrangements:
 - i. the geographical location of the outsourcing provider;
 - ii. the identity of the persons within the applicant firm that will be responsible for each of the outsourced activities;
 - iii. copies of outsourcing agreements;
- where applicants have agents, the selection and training policy and the terms of engagement;
- details of the national and/or international payment system which the applicant accesses if applicable; and

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

7.4 Please provide the following information set out in Guideline 7 (Measures to safeguard to the funds of payment service users) of the EBA Authorisation Guidelines

If you have selected method 1 - placing funds in a separate account:

- number of person(s) that has access to the safeguarding account and their functions; and

If you have selected method 2 - insurance policy from an authorised insurer, or a comparable guarantee:

- a confirmation that the insurance policy or comparable guarantee from an insurance company or credit institution is from an entity that is not part of the same group of firms as the applicant;
- duration and renewal of the coverage; and
- a copy of the insurance agreement or of the comparable guarantee.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided

7.5 Please provide the following information set out in Guideline 8 (Governance arrangements and internal control mechanisms) of the EBA Authorisation Guidelines

- the different procedures to carry out periodic and permanent controls including frequency and the human resources allocated;
- the composition of the management body and, if applicable, of any other oversight body or committee; and
- where the applicant firm is the subsidiary of a regulated entity in another EU Member State, a description of the group governance.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided

7.6 Please provide the following information set out in Guideline 14 (Internal control mechanisms to comply with obligations in relation to money laundering and terrorist financing) of the EBA Authorisation Guidelines

- the applicant firm's assessment of the anti-money laundering and counter terrorist financing risks associated with its business, including the risks associated with the applicant's customer base, the products and services provided, the distribution channels used and the geographic areas of operation;
- the systems and controls the applicant firm has or will put in place to ensure that their branches and agents comply with applicable anti money laundering and terrorist financing requirements, including, in cases where the agent or branch is located in another Member State, the anti-money laundering and counter terrorist financing requirements of that Member State;
- the identity of the person in charge of ensuring the applicant's compliance with anti-money laundering and counter-terrorism obligations, and evidence that their anti-money laundering and counter-terrorism expertise is sufficient to enable them to fulfil this role effectively;
- the systems and controls the applicant has or will put in place to ensure their anti-money laundering and counter terrorist financing policies and procedures remain up to date, effective and relevant;
- the systems and controls the applicant has or will put in place to ensure that the agents do not expose the applicant to increased money laundering and terrorist financing risk; and
- the anti-money laundering and counter terrorism manual for the staff of the applicant.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

--

7.7 Please provide the following information as set out in Guideline 15 (Identity and suitability assessment of persons with qualified holdings in the applicant) of the EBA Authorisation Guidelines

- a description of the group to which the applicant belongs and indication of the parent undertaking, where applicable;
- where the qualifying holdings are held by a person, copies of official identity documents and curriculum vitae;
- where the qualifying holdings are held by a legal person or entity:
 - i. a list of individuals who effectively direct 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 activities or other relevant functions currently performed), together with the information referred to in the fitness and propriety test contained within the PSD/EMD individual form, in respect of each individual;
- where the legal person or entity is part of a group;
 - i. information on the relationships between any credit institution, insurance or re-insurance undertaking or investment firm within the group and any other group entities;
 - ii. 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/EC3, where applicable, including each of the following items: the balance sheet; the profit and loss accounts or income statement; and the annual reports and financial annexes and any other documents registered with the relevant registry or competent authority of the legal person;
 - iii. 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);
- where the legal person or entity has its head office in a third country, the application shall set out 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;
- for entities that do not have legal personality such as a collective investment undertaking, a sovereign wealth fund or a trust, the application shall set out the following information:

- i. the identity of the persons who manage assets and of the persons who are beneficiaries or subscribers; and
 - ii. a copy of the document establishing and governing the entity including the investment policy and any restrictions on investment applicable to the entity;
- The application shall set out all of the following information of each natural or legal person or entity who has or, in case of authorisation, will have a qualifying holding in the capital of the applicant should contain the following:
 - i. 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;
 - ii. details of the person's or the entity's intentions in respect of the applicant and of the influence the person or the entity intends to exercise over the applicant, including in respect of the dividend policy, the strategic development and the allocation of resources of the applicant, whether or not it intends to act as an active minority shareholder and the rationale for such intention;
 - iii. information on the person's or the entity's willingness to support the applicant with additional own funds if needed for the development of its activities or in case of financial difficulties;
 - iv. the content of any intended shareholder's or member's agreements with other shareholders or members in relation to the applicant;
 - v. 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, on the ability of the applicant to provide timely and accurate information to the competent authorities; and
 - vi. the identity of each member of the management body or of senior management who will direct the business of the applicant 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 Guideline 16.
- The application should set out a detailed explanation on the specific sources of funding for the participation of each person or entity having a qualifying holding in the applicant's capital, which should include:
 - i. 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;
 - ii. details on access to financial markets, including details of financial instruments to be issued;
 - iii. 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 should provide to the competent authorities information on the origin of the borrowed funds;

- iv. information on any financial arrangement with other persons who are shareholders or members of the applicant.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

7.8 Has the applicant provided all the required information set out in Guideline 16 (Identity and suitability assessment of Directors and persons responsible for the management of the payment institution) of the EBA Authorisation Guidelines to the FCA?

Most of the information contained within Guideline 16 was previously requested from applicants in the PSD/EMD individual form. We have set out below the information contained within this Guideline that was not strictly requested by us before. Please ensure this information has or will be provided:

- a copy of an ID card or equivalent for each PSD/EMD individual;
- letters/contracts of appointment for each of the PSD/EMD individuals which should include start dates and duration of the mandate;
- a summary of the key duties and responsibilities of each PSD/EMD individual; and
- information on suitability assessment carried out by the applicant, which should include details of the result of any assessment of the suitability of the PSD/EMD individual performed by the institution, such as relevant board minutes or suitability assessment reports or other documents;
- details of whether any other assessment of the PSD/EMD individual by another authority from a non-financial sector, has already been conducted, including the identity of that authority and evidence of the outcome of this assessment.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

Application for Registration as a Small Payment Institution (SPI)

Full name of applicant firm

Important information you should read before completing this form

This application for registration as a Small Payment Institution can be used to provide information:

1. as part of an application for registration to enable us to assess whether the applicant firm satisfies conditions specified in Regulation 14 of the Payment Services Regulations 2017 (PSRs).
2. we need to process the application and prepare for the ongoing supervision of the firm.

In some circumstances we may require further information to be able to make a determination on an application. Please keep a copy of the forms you complete and any supporting documents you include with this application pack for your future reference.

Any personal information provided to us in an application will be processed in accordance with the Data Protection Act 1998. We may disclose the information to third parties for the purpose of discharging our statutory functions under the PSRs and other legislation. We may also disclose the information to third parties for other purposes in accordance with the Financial Services and Markets Act 2000 (Disclosure and Confidential Information) Regulations 2001.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to assess your application.

Terms in this pack

In this form we use the following terms:

- **'API'** refers to an authorised payment institution
- **'Applicant', or 'Applicant firm'** refers to the firm applying for registration
- **'Approach Document'** refers to our guidance document entitled "*Payment Services and Electronic Money – Our Approach*"
- **'EBA's Register'** refers to the European Banking Authority's Register which is a central public record
- **'Handbook'** refers to FCA Handbook
- **'HMRC'** refers to HM Revenue & Customs
- **'MLRs'** refers to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- **'PSD2'** refers to the revised Payment Services Directive (2015/2366)
- **'Qualifying holding'** refers to a controller of the applicant firm
- **'Regulation(s)' or 'PSRs'** refers to the Payment Services Regulations 2017
- **'SPI'** refers to a Small Payment Institution of payment service providers in the EEA.
- **'We', 'our', 'us' or 'FCA'** refers to the Financial Conduct Authority
- **'You'** refers to the person(s) signing the form on behalf of the applicant firm

Filling in the form

- 1** If you are using your computer to complete the form:
 - use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
 - save all the parts of the form you have completed and attach to your application.
- 2** If you think a Question is not relevant to you, write 'not applicable' and explain why.
- 3** If you leave a Question blank or do not attach the required supporting information without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.
- 4** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.
- 5** Ensure you:
 - save all the parts of the form you have completed;
 - attach this form, together with the relevant attachments below to your application on Connect:
 - PSD Individual form(s);
 - Qualifying holding form(s) (if applicable);
 - Additional information requested in this form (if applicable); and
 - Supporting documents.
 - pay the application fee via Connect. The application fee is non-refundable.

Where you are required to attach supporting documents (e.g. structure chart) to your application, failure to do so will mean your application will not be progressed.

Contents of this form

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1

Identification details and timings

Why do we ask the questions in this section?

We need to know general information about the applicant firm so we can process this application as efficiently as possible. We also need the applicant firm's details for the FCA's Financial Services Register which is our public record of authorised and registered firms, their agent(s) and EEA branches (if applicable), and separately, the EBA's Register.

About the legal status of the applicant

1.1 What type of firm is the applicant?

- Sole trader¹
 Private limited company
 Unincorporated Partnership (other than LP or LLP)
 Limited liability partnership (LLP)
 Public limited company
 Limited partnership (LP)
 Unincorporated association
 UK branch of a non-EEA firm
 Other ▶ Give details below

1.2 Date of incorporation or formation of the applicant firm (dd/mm/yyyy)

 / /

1.3 Does the applicant firm have a registered number e.g. Companies House number?

- No
 Yes ▶ Give number below

1.4 Where was the applicant firm incorporated or formed?

- England/Wales
 Scotland
 Northern Ireland

1.5 Date of the applicant's financial year end (dd/mm)

This question should be answered by all applicants (For all incorporated firm types the financial year end should match the date recorded with Companies House).

 /

¹ Please note if you are a sole trader we will register the SPI under your name. Any other names will be listed on the FCA's Financial Services Register as a trading name(s) of your business.

Other names

1.6 Does the applicant intend to use any trading names in addition to the name given on the front of this application form?

- No
 Yes ▶ Give details below

Name	

1.7 Principal place of business/Head office address

This information will be displayed on the FCA's Financial Services Register and the EBA's Register.

Head office address		
Postcode		
UK telephone number		
Email address		

The key issue in identifying the head office is the location of its central management and control, that is, the location of the directors and other senior management who make decisions relating to the applicant's central direction, the material management decisions of the applicant on a day-to-day basis and the central administrative functions of the applicant.

1.8 Does the applicant have a registered office?

- Yes
 No ▶ Continue to Question 1.10

1.9 Is the registered office address the same as the principal place of business/head office address above?

- Yes
 No ▶ Give details below

Registered office address		
Postcode		

1.10 Does the applicant firm have a website address?

- No
 Yes, live ▶ Give address below
 Yes, being developed ▶ Give address (if known) and launch date below

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1.11 Has the applicant firm ever been regulated by us or any other financial services regulator?

- No ▶ Continue to Question 1.12
- Yes ▶ Give details below

Name of regulator

Address of regulator

Applicant firm identification number with that regulator

Details of professional advisers

1.12 Has the applicant firm used a professional adviser to help with this application?

- No ▶ Continue to Question 1.16
- Yes

1.13 Name of professional adviser's firm

1.14 Do you want us to copy all correspondence to the professional adviser?

- No
- Yes

1.15 Name and contact details of professional adviser

Title	
First name(s)	
Surname	
Business address	
Postcode	
Phone number (including STD code)	
Mobile number (optional)	
Email address	

Timings for this application

1.16 Does the applicant have any timing factors that it would like us to consider?

If the applicant wishes to be registered by a specific date, we will try to meet it. This is dependent on the applicant providing complete and timely information.

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2

Conditions of Registration

Why do we ask the questions in this section?

Every applicant for registration as a SPI has to satisfy us that they meet the conditions set out in Regulation 14 of the PSRs. The following questions help us to assess whether the conditions are met. See Regulation 14 of the PSRs and Chapter 3 of the Approach Document.

2.1 Does the forecast monthly average for the total amount of payment transactions to be executed by the applicant, including any of its agents in the United Kingdom, exceed 3 million Euros?

- Yes ▶ You will need to apply to be an API. You will need to complete the 'Application for Authorisation as a Payment Institution' on Connect.
- No

2.2 Please describe how the applicant will monitor the monthly average value of payment transactions.

2.3 Does the applicant's business to which the application relates include the provision of account information services or payment initiation services?

- No
- Yes ▶ You will need to apply to be an API. You will need to complete an 'Application for Authorisation as a Payment Institution' on Connect.

2.4 Has the applicant registered with HMRC for the purposes of the MLRs, where those requirements apply to it?

- Yes ▶ Give number below

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- No ▶ Please explain below

Close-links

Applicants that are body corporate must satisfy the FCA that any "close links" it has are not likely to prevent the effective supervision of the applicant by the FCA or, where a close link is subject to the laws of a territory which is not an EEA State, that the laws of the foreign territory would not prevent the effective supervision of the applicant by the FCA. See Regulation 14(8) of the PSRs and Chapter 3 of the Approach Document.

A close link is defined in the PSRs at Regulation 6(10) as:

- a parent undertaking of the applicant;
- a subsidiary undertaking of the applicant;
- a parent undertaking of a subsidiary undertaking of the applicant;
- a subsidiary undertaking of a parent undertaking of the applicant;
- an owner of 20% or more of the capital or voting rights in the applicant; or
- an entity in which the applicant owns or controls 20% or more of the capital or voting rights.

Subsidiary and parent undertaking have the meanings given in section 1162 of, and Schedule 7 to, the Companies Act 2006.

Please refer to the diagram in Chapter 3 of the Approach Document, which sets out the types of relationships between firms and individuals that we consider to be close links.

2.5 Does the applicant firm have close links?

- No ▶ Continue to Question 2.6
 Yes

2.5.1 You must provide a structure chart to show

- **the identity of the close link; and**
- **the nature of the relationship between the applicant firm and each close link**

If you are also providing a structure chart to illustrate the applicant firm's controller(s) or group, that chart should include all of the applicant firm's close link(s).

- Ownership structure chart attached

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
-----------------------------	--

2.6 Have any of the individuals responsible for the management and/or operation of the applicant been convicted of:

- **an offence under Part 7 of the Proceeds of Crime Act 2002 (money laundering) or under the MLRs**
- **an offence under section 15 (fund raising), 16 (use and possession), 17 (funding arrangements), 18 (money laundering) or 63 (terrorist finance; jurisdiction) of the Terrorism Act 2000;**
- **an offence under the Financial Services and Markets Act 2000;**
- **an offence under Regulation 3, 4 or 6 of the Al-Qaida and Taliban (Asset-Freezing) Regulations 2010, or Regulation 10 of the Al-Qaida (Asset Freezing) Regulations 2011;**
- **an offence under the PSRs or the EMRs; or**
- **any other financial crimes.**

Financial crimes include any offence involving fraud or dishonesty and for this purpose "offence" includes any act or omission which would be an offence if it had taken place in the UK.

- Yes ▶ Please ensure you provide full disclosure in the relevant PSD Individual form(s)
 No

PSD Individuals

2.7 Please complete and submit a PSD Individual form for each director and/or person(s) responsible for the management of the applicant, and where relevant the person(s) responsible for the management of the applicant's payment services.

You need to provide us with a PSD Individual form for each and every person who falls within the above description. You must satisfy us that each of these persons is of good repute and possesses appropriate knowledge and experience.

The following are examples of persons that would be required to complete and submit a PSD Individual form:

- all the directors/members of the management board;
- in the case of an applicant that only provides payment services, all the management staff; and
- in the case of an applicant that carries on activities other than payment services, all the persons with direct responsibility for running the applicant's payment services activities on a day-to-day basis.

How many PSD Individual forms are you sending with this application?

Qualifying holdings (If you are a 'sole trader' please go to Section 3)

A 'qualifying holding' is defined in the Regulations by reference to Article 4(1)(36) of the Capital Requirements Regulation (EU) 575 /2013). The definition in Capital Requirements Regulations is a 'direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking'.

We also refer to those with 'qualifying holdings' as 'controllers'.

A 'qualifying holding' is broadly an individual or firm that:

- holds 10% or more of the shares in the applicant firm (including via a parent firm);
- is able to exercise significant influence over the management of the applicant firm through a controlling interest in the applicant firm or a parent;
- is entitled to control or exercise control of 10% or more of the voting power in the applicant firm (including via a parent firm); or
- is able to exercise significant influence over the management of the applicant firm through their voting power in it or a parent.

Limited Liability Partnership (LLP) applicants should note that some (or sometimes all) individual members may be controllers of the LLP. Usually this will depend on the number of members and the terms of the membership agreement, especially regarding voting power or significant influence.

2.8 Who controls the applicant firm?

You must detail in the boxes below the persons(s) with a 'qualifying holding' in the applicant firm and complete and submit Controller form(s) with this application. *If an individual with a 'qualifying holding' has already completed a PSD Individual form, a PSD Controller form will not be required for this individual.*

Person 1

Name

Is this person an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant

 %

Percentage of shares or voting rights held in the applicant's parent(s) if applicable

 %

Person 2

Name

Is this person an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant

 %

Percentage of shares or voting rights held in the applicant's parent(s) if applicable

 %

Person 3

Name

Is this person an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant

 %

Percentage of shares or voting rights held in the applicant's parent(s) if applicable

 %

Please use a separate sheet of paper if necessary to provide details (in the format above) of any additional controllers. If you have used a separate sheet of paper please indicate how many below:

Number of additional sheets	
-----------------------------	--

3

Programme of operations

Why do we ask the questions in this section?

Every applicant for registration has to indicate the payment services they will be providing. Please note that we require applicants to only apply for registration for those payment services that they will provide.

3.1 What is the applicant's main business (which may or may not be payment services) and what other activities does the applicant undertake?

--

What type of payment service provider is the applicant?

- Money Remitter
- Bill Payment Service Provider
- Non bank credit card issuer
- Merchant Acquirer

3.2 Please select the payment services you will be providing from the list below

1. Services enabling cash to be placed on a payment account and all of the operations required for operating a payment account.	<input type="checkbox"/>
2. Services enabling cash withdrawals from a payment account and all of the operations required for operating a payment account.	<input type="checkbox"/>
3. The execution of the following types of payment transaction: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; (iii) credit transfers, including standing orders.	<input type="checkbox"/>
4. The execution of the following types of payment transaction where the funds are covered by a credit line for the payment service user: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; (iii) credit transfers, including standing orders.	<input type="checkbox"/>
5. Issuing payment instruments or acquiring payment transactions.	<input type="checkbox"/>
6. Money remittance.	<input type="checkbox"/>

3.3 Please provide a description of the payment services that you have selected from the list in Question 3.2 above.

This description should include; (i) an explanation on how these activities fit into any of the legal categories of payment services; (ii) the different ways through which these services are provided and processing times; and (iii) a summary of all other business undertaken by the SPI.

3.4 Please provide a description of the anti-money laundering policies, procedures and internal controls that you have put in place.

We may ask to see copies of any relevant anti-money laundering policies.

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4

Safeguarding

Why do we ask the questions in this section?

Safeguarding is a specific set of requirements for protecting relevant funds that are not transmitted immediately, e.g. funds held overnight. Compliance is optional for SPIs. Please refer to Chapters 3 and 10 of the Approach Document for more information.

4.1 Will the applicant be safeguarding relevant funds (please note that safeguarding is optional for SPIs)?

- Yes
- No ▶ Continue to Section 5

4.2 Please indicate the applicant firm’s method(s) for safeguarding relevant funds from the table below (Regulation 23 of the PSRs)

Method 1 (Go to Question 4.3)	Placing the relevant funds in a separate account that it holds with an authorised credit institution or the Bank of England or investing the relevant funds in such secure, liquid assets as the FCA may approve and placing those assets in a separate account with an authorised custodian.	<input type="checkbox"/>
Method 2 (Go to Question 4.4)	Coverage of relevant funds by an insurance policy from an authorised insurer, or a comparable guarantee from an authorised insurer or credit institution.	<input type="checkbox"/>

4.3 If you have selected Method 1, please provide a description of the safeguarding measures including:

- a) a description of the investment policy to ensure the assets chosen are liquid secure and low risk, if applicable;
- b) a description of the administration and reconciliation process to ensure that payment service users’ funds are insulated in the interest of payment service users against the claims of other creditors of the payment institution, in particular in the event of insolvency.

4.3.1 Please attach a copy of the draft contract with the credit institution, including explicit declaration of compliance with the relevant parts of Regulation 23 PSRs (such as a declaration that the credit institution has no set-off rights to the funds held in that account).

- Attached

4.4 If you have selected Method 2, please provide a description of the safeguarding measures including:

- a) confirmation that the insurance policy or comparable guarantee from an insurance company or a credit institution is from an entity that is not part of the same group of firms as the applicant firm;
- b) details of the reconciliation process in place to ensure that the insurance policy or comparable guarantee is sufficient to meet the applicant firm's safeguarding obligations at all times; and
- c) duration and renewal of the coverage.

4.4.1 Please attach a copy of the (draft) insurance agreement or of the (draft) comparable guarantee.

Attached

DRAFT

5

Procedure to monitor, handle and follow up on a security incident and customer complaints

Why do we ask the questions in this section?

Every applicant for registration as a SPI has to satisfy us that they have adequate procedures to meet their obligations under the PSRs and our Handbook. The following questions help us to assess whether these procedures have been carefully thought out. More information can be found in chapter 3 of the Approach document.

5.1 Please provide a description of the processes you have in place to meet your obligations to report major incidents to the FCA.

The incident reporting requirement is set out in Regulation 99 of the PSRs and the Supervision Manual of our Handbook.

5.2 Please provide a description of the complaint procedures that you have in place for your customers

The dispute resolution and complaint handling requirements are set out in Regulation 101 for non-eligible complainants and in our Dispute Resolution Sourcebook for eligible complainants.

6

Process in place to file, monitor, track and restrict access to sensitive payment data

Why do we ask the questions in this section?

Every applicant for registration as a SPI has obligations to protect its customers' data. The following questions help us to assess whether these procedures have been carefully thought out.

6.1 Please provide a description of the process in place to file, monitor, track and restrict access to sensitive payment data.

This should include:

- the procedures in place to authorise access to the sensitive payment data;
- a description of how the data is used internally and/or externally; and
- an explanation of how breaches will be detected and addressed.

DRAFT

7 The principles and definitions applicable to the collection of statistical data on performance, transactions and fraud

Why do we ask the questions in this section?

Every applicant for registration as a SPI has to satisfy us that they have procedures in place to meet their obligations to provide an annual fraud report to the FCA under Regulation 109 of the PSRs. The following questions help us to assess whether these procedures are adequate. More information can be found in chapter 13 of the Approach document.

7.1 Please provide a description of the procedures you have in place for collecting statistical data on performance, transactions and fraud.

This should include the means of collecting data.

DRAFT

8

Security policy**Why do we ask the questions in this section?**

Every applicant for registration as a SPI has to satisfy us that they have an operational and security risk management framework in place. The following questions help us to assess whether this framework is adequate.

8.1 Please provide a description of the key IT systems in use at the applicant firm which will support the provision payment services, including off-the-shelf and bespoke packages.

8.2 Is the applicant firm already using these systems?

Yes

No ▶ State below when you expect them to be installed

8.3 Please provide a description of the applicant's security policy.

This should include:

- a detailed risk assessment of the payment service(s) intended, including risks of fraud and the security control and mitigation measures taken to adequately protect customers against the risks identified;
- a description of the IT security measures and mechanisms in place, specifying the control the applicant will have over these such as security equipment configuration, confidentiality of communication, intrusion detection, antivirus etc;
- the physical security measures and mechanisms of the head office and other premises and the location of the data centre of the applicant, such as access controls and environmental security;
- the security of payment processes including customer authentication procedures used for both consultative and transactional accesses, and for underlying payment instruments; and
- a description of the systems and procedures that the applicant has in place for transaction analysis and identification of suspicious or unusual transactions.

If the applicant firm has an existing or draft security policy document that addresses the items above, then this can be provided.

Security policy document attached

9

PSD Agents**Why do we ask the questions in this section?**

An agent is any person who acts on behalf of an Authorised or Small Payment Institution in the provision of Payment Services. The requirements relating to the use of agents are contained mostly in Regulation 34 of the PSRs. You can also refer to Chapter 5 of the Approach Document for more information.

9.1 Is the applicant currently a PSD Agent of another payment institution (i.e. the sponsoring firm)?

- Yes
 No ▶ Continue to Question 9.2

9.1.1 Please provide your sponsoring firm's details below

Name	FRN

9.1.2 Does the applicant intend to provide payment services outside of the agency agreement with its sponsoring PI?

- No ▶ You should consider whether this application is required as the applicant's payment service business may be covered by its existing agency agreement
 Yes ▶ Please provide details of how these additional payment services will be segregated from those provided as part of the agency agreement

9.2 Does the applicant firm intend to use agents?

- No ▶ Continue to Section 10
 Yes

9.3 How many PSD agents do you intend to use?

The firm will be able to notify its use of agents (via Connect) only once it has been registered.

9.4 Please provide a description of how the applicant intends to monitor and control its agents.

10 Fees and levies

Why do we ask the questions in this section?

This section is included to provide the applicant information on periodic fees and levies payable to the FCA, the Financial Ombudsman Service and Money Advice Service (MAS). We also explain the relevant FCA and Ombudsman Service fee-blocks.

The permission the applicant has when it becomes a registered SPI will determine which fee-block the SPI is allocated to. The fees and levies in each fee-block are often based on the tariff; however SPIs will pay flat periodic fees and levies in accordance with FEES 4 Annex 11 Part 5 of the FCA Handbook.

See <http://www.fshandbook.info/FS/html/handbook/FEES/4/11>

Please see below for fee and industry blocks that apply to a SPI.

FCA fees

10.1 Fee-block G.4- Small Payment Institutions

An applicant firm applying as a registered SPI is allocated to fee-block G.4 - Small Payment Institutions. We do not require data for fee-block G.4 as this is a flat fee.

10.2 Financial Ombudsman Service (Ombudsman Service) General Levy

Fee-paying payment service providers SPIs pay a flat fee so we do not require any data for the purposes of calculating the FOS levy.

Declaration of the Financial Ombudsman Service exemption

Please note that if the applicant firm will carry on business with consumers then exemption will not be available, because they qualify as eligible complainants.

10.3 The Financial Ombudsman Service exemption

If the applicant firm will not carry on business with eligible complainants and does not foresee doing so in the immediate future, please tick the box below:

Applicant firm is exempt from the Financial Ombudsman Service

If you have indicated that the applicant firm is exempt from the Financial Ombudsman Service, please provide supporting evidence for this exemption.

Attached

10.4 Money Advice Service (MAS) levy

For SPIs, a flat fee is payable. The fee block mirrors FCA fee block. So there are no data requirements for the MAS levy.

Application for Registration as a Small Electronic Money Institution (SEMI)

Full name of applicant firm

Important information you should read before completing this form

This application for registration as a Small Electronic Money Institution can be used to provide information:

1. as part of an application for registration to enable us to assess whether the applicant firm satisfies the conditions specified in Regulation 13 of the Electronic Money Regulations 2011 (EMRs).
2. we need to process the application and prepare for the ongoing supervision of the firm.

In some circumstances we may require further information to be able to make a determination on an application. Please keep a copy of the forms you complete and any supporting documents you include with this application pack for your future reference.

Any personal information provided to us in an application will be processed in accordance with the Data Protection Act 1998. We may disclose the information to third parties for the purpose of discharging our statutory functions under the EMRs and other legislation. We may also disclose the information to third parties for other purposes in accordance with the Financial Services and Markets Act 2000 (Disclosure and Confidential Information) Regulations 2001.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to assess your application.

Terms in this pack

In this form we use the following terms:

- **'Applicant' or 'Applicant firm'** refers to the firm applying for registration
- **'Approach Document'** refers to our guidance document entitled "*Payment Services and Electronic Money – Our Approach*"
- **'EBA's Register'** refers to the European Banking Authority's Register which is a central public record of payment service providers in the EEA.
- **'EMD'** refers to Directive 2009/110/EC of the European Parliament and of the Council of 16th September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC
- **'FSMA'** refers to the Financial Services and Markets Act 2000
- **'Handbook'** refers to FCA Handbook
- **'MLRs'** refers to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- **'PSRs'** refers to the Payment Services Regulations 2017
- **'Qualifying holding'** refers to a controller of the applicant firm
- **'Regulation(s)', or 'EMRs'** refers to The Electronic Money Regulations 2011
- **'SEMI'** refers to Small Electronic Money Institution
- **'We', 'our', 'us', or 'FCA'** refers to the Financial Conduct Authority
- **'You'** refers to the person(s) signing the form on behalf of the applicant firm

Filling in the form

- 1 If you are using your computer to complete the form:
 - use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
 - save all the parts of the form you have completed and attach to your application.
- 2 If you think a Question is not relevant to you, write 'not applicable' and explain why.
- 3 If you leave a Question blank or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.
- 4 If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.
- 5 Ensure you:
 - save all part of the form you have completed;
 - attach this form, together with the relevant attachments below to your application on Connect:
 - EMD individual form(s);
 - Additional information requested in this form (if applicable); and
 - Supporting documents.
 - Pay the application fee via Connect. The application fee is non-refundable.

Where you are required to attach supporting documents (e.g. a business plan, structure chart and financial information) to your application, failure to do so will mean your application will not be progressed.

Contents of this form

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1

Identification details and timings**Why do we ask the questions in this section?**

We need to know general information about the applicant firm so we can process this application as efficiently as possible. We also need the applicant firm's details for the FCA's Financial Services Register which is our public record of authorised and registered firms, their agent(s) and EEA branches (if applicable), and separately, the EBA's Register.

About the legal status of the applicant**1.1 What type of firm is the applicant?**

- Private limited company
 Limited liability partnership (LLP)
 Public limited company
 Limited partnership (LP)
 UK branch of a non-EEA firm
 Other ▶ Give details below:

1.2 Date of incorporation or formation of the applicant firm (dd/mm/yyyy)
 / /
1.3 Does the applicant firm have a registered number e.g. Companies House number?

- No
 Yes ▶ Give details below

1.4 Where was the applicant firm incorporated or formed?

- England/ Wales
 Scotland
 Northern Ireland

1.5 Date of the applicant's financial year end (dd/mm)

This question should be answered by all applicants (For all incorporated firm types the financial year end should match the date recorded with Companies House).

 /

Other names

1.6 Does the applicant intend to use any trading names in addition to the name given on the front of this application form?

- No
 Yes ▶ Give details below

Name	

1.7 Principal place of business / Head office address

This information will be displayed on the FCA's Financial Services Register and the EBA's Register

Head office address		
Postcode		
UK telephone number		
Email address		

The key issue in identifying the head office is the location of its central management and control, that is, the location of the directors and other senior management who make decisions relating to the applicant's central direction, the material management decisions of the applicant on a day-to-day basis and the central administrative functions of the applicant.

1.8 Does the applicant have a registered office?

- Yes
 No ▶ Continue to Question 1.10

1.9 Is the registered office address the same as the principal place of business/head office address above?

- Yes
 No ▶ Give details below

Registered office address		
Postcode		

1.10 Does the applicant firm have a website address?

- No
 Yes, live ▶ Give address below
 Yes, being developed ▶ Give address (if known) and launch date below

1.11 Has the applicant firm ever been regulated by us or any other financial services regulator?

- No ▶ Continue to Question 1.12
 Yes ▶ Give details below

Name of regulator

Address of regulator

Applicant firm identification number with that regulator

Details of professional advisers**1.12 Has the applicant firm used a professional adviser to help with this application?**

- No ▶ Continue to Question 1.16
 Yes

1.13 Name of professional adviser's firm**1.14 Do you want us to copy all correspondence to the professional adviser?**

- No
 Yes

1.15 Name and contact details of professional adviser

Title	
First name(s)	
Surname	
Business address	
Postcode	
Phone number (including STD code)	
Mobile number (optional)	
Email address	

Timings for this application**1.16 Does the applicant have any timing factors that it would like us to consider?**

If the applicant wishes to be registered by a specific date, we will try to meet it. This is dependent on the applicant providing complete and timely information.

--

2

Conditions for registration

Why do we ask the questions in this section?

Every applicant for registration as a SEMI has to satisfy us that they meet the conditions set out in Regulation 13. See Regulation 13 of the EMRs and Chapter 3 of the Approach Document.

2.1 You must confirm that the total business activities of the applicant firm immediately before the time of registration do not generate average outstanding electronic money exceeding €5,000,000.

Yes

No ▶ You will need to apply to be an Authorised EMI. You will need to complete the Application for Authorisation as an Authorised Electronic Money Institution form on Connect.

Where a SEMI provides payment services that are not related to issuing electronic money or carries out other business activities, the amount of outstanding electronic money may be unknown in advance. In this circumstance the applicant firm may assess the amount of average outstanding electronic money on the basis of a representative portion assumed to be used for the issuance of electronic money. This is provided that the representative portion can be reasonably estimated on the basis of historical data and to our satisfaction. If the applicant firm is unable to base this calculation on relevant historical data, it may use a projection supported by the business plan.

2.2 Have any of the individuals responsible for the management and/or operation of the applicant been convicted of:

- an offence under Part 7 of the Proceeds of Crime Act 2002 (money laundering) or under the MLRs;
- an offence under section 15 (fund raising), 16 (use and possession), 17 (funding arrangements), 18 (money laundering) or 63 (terrorist finance; jurisdiction) of the Terrorism Act 2000;
- an offence under the Financial Services and Markets Act 2000;
- an offence under Regulation 3, 4 or 6 of the Al-Qaida and Taliban (Asset-Freezing) Regulations 2010, or Regulation 10 of the Al-Qaida (Asset Freezing) Regulations 2011;
- an offence under the EMRs or the PSRs; or
- any other financial crimes.

Financial crimes include any offence involving fraud or dishonesty and for this purpose "offence" includes any act or omission which would be an offence if it had taken place in the UK.

Yes ▶ Please ensure you provide full disclosure in the relevant EMD Individual form(s)

No

EMD Individuals

2.3 Please complete and submit an EMD Individual form for each director and/or person(s) responsible for the management of the applicant, and where relevant the person(s) responsible for the management of the applicant's e-money and payment services.

You need to provide us with an EMD Individual form for each and every person who falls within the above description. You must satisfy us that each of these persons is of good repute and possesses appropriate knowledge and experience.

The following are examples of persons that would be required to complete and submit an EMD Individual form:

- all the directors/members of the management board;
- in the case of an applicant that only provides e-money and payment services, all the management staff; and
- in the case of an applicant that carries on activities other than e-money and payment services, all the persons with direct responsibility for running the applicant's e-money and payment services activities on a day-to-day basis.

How many EMD Individual forms are you sending with this application?

3

Business plan

Why do we ask the questions in this section?

We need to know how the applicant firm intends to carry out its business so we can assess that (i) the proposal has been carefully thought out, and (ii) the adequacy of its financial and non-financial resources, systems and procedures have been considered. The applicant firm must satisfy the FCA that it has a business plan (including for the first three years, a forecast budget calculation) under which appropriate and proportionate systems, resources and procedures will be employed by the applicant to operate soundly before we can grant registration. See Regulation 13(7)(b).

The level of detail you provide should reflect the scale and complexity of the applicant firm's proposed business. If any of the information you provide is unclear, we will ask you about it.

3.1 Please provide a business plan that includes the following information:

- a) background to the application;
- b) types of e-money to be issued and payment services to be provided including a description of clients and distribution channels;
- c) a diagram of the flow of funds that includes all parties involved;
- d) a marketing plan consisting of an analysis of the applicant firm's competitive position in the e-money/payments market; and
- e) a forecast budget calculation for the first three financial years that demonstrates that the applicant firm is able to employ appropriate and proportionate systems, resources and procedures that allow the applicant firm to operate soundly. This should include explanation as to how those figures have been estimated.

You must confirm you have attached the following:

- | | |
|---|-----------------------------------|
| Opening balance sheet | <input type="checkbox"/> Attached |
| Forecast closing balance sheet | <input type="checkbox"/> Attached |
| Monthly cash flow forecast | <input type="checkbox"/> Attached |
| Monthly profit and loss forecast | <input type="checkbox"/> Attached |
| Last year's accounts (if already trading) | <input type="checkbox"/> Attached |

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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EMD Distributors (if applicable)

3.2 Will the applicant firm distribute and redeem e-money through distributors?

- No ▶ Continue to Question 3.3
- Yes

3.2.1 Please provide a description of the use of distributors, including:

- i. the estimated number of distributors over the first three years following registration, and their locations;
- ii. the monitoring procedures including the off-site and on-site checks that the applicant intends to perform and their frequency;
- iii. the IT systems and processes which are used by the applicant firm's distributors to perform activities on its behalf;
- iv. the key points of the agreement containing the terms of the mandate, selection policy, and distributor's training.

EMD Agents (if applicable)**3.3 Will the applicant firm provide payment services related to the e-money issuance through agents?**

- No ▶ Continue to Section 4
- Yes

3.3.1 Please provide a description of the use of agents, including:

- i. the estimated number of agents over the first three years following registration, and their locations;
- ii. the monitoring procedures including the off-site and on-site checks that the applicant intends to perform and their frequency;
- iii. the IT systems and processes which are used by the applicant firm's agents to perform activities on its behalf; and the key points of the agreement containing the terms of the mandate, selection policy, and agent's training.

4

Capital resources and requirements**Why do we ask the questions in this section?**

Before registration, the applicant firm must, where applicable, confirm that it will hold initial capital at the level required in accordance with Part 1 of Schedule 2 to the Regulations. See Regulation 19(2) and 13(5). Once registered, if a SEMI generates outstanding electronic money of €500,000 or more it must maintain funds equal to or in excess of the amount of the own funds requirement calculated in accordance with paragraph 14 of Schedule 2 (subject to any adjustment by the FCA). Please refer to Chapter 9 of the Approach Document for more information.

Initial capital

- 4.1 You must confirm the applicant firm will hold, immediately prior to registration, initial capital of at least 2% of its average outstanding electronic money, where the business activities generate average outstanding electronic money of €500,000 or more.**

Where the applicant firm has not been in business long enough to calculate the amount of average outstanding electronic money for these purposes, it must make an estimate on the basis of projected outstanding electronic money as supported by its business plan, subject to any adjustments to that plan which are, or have been, required by us.

Is the applicant firm required to hold initial capital?

- Yes
 No ▶ Continue to Question 4.3

- 4.2 Please provide your calculations on initial capital, including a detailed breakdown of how the own funds are to be held (e.g. whether by paid-up capital, reserves and/or retained earnings).**

▶ Attached

Own funds

- 4.3 Once registered, if the business activities of a SEMI generate average outstanding electronic money of €500,000 euro or more, it must maintain at all times own funds equal to or in excess of the amount of the own funds requirement calculated in accordance with paragraph 14 of Schedule 2 of the EMRs, subject to any adjustment directed by the FCA under paragraph 16 of that Schedule.**

Under paragraph 14 of Schedule 2, any SEMI required to maintain own funds must calculate its own funds requirement as an amount equal to 2% of the average outstanding e-money.

Please provide your forecast of the average outstanding e-money for the first three years post-registration (on a month by month basis) if you have not already done so as part of the Business Plan financial forecasts. These forecasts should also show a calculation of the minimum own funds requirements calculated in accordance with paragraph 14 of Schedule 2 of EMRs if the own funds requirement is triggered.

▶ Attached

5

Safeguarding measures

Why do we ask the questions in this section?

Safeguarding is a specific set of requirements for protecting funds that have been received in exchange for e-money that has been issued. See Chapters 3 and 10 of the Approach Document for more information.

It is a condition of registration under Regulation 13(7)(c) of the EMRs that the applicant firm satisfies the FCA that the institution 'has taken adequate measures for the purpose of safeguarding electronic money holders' funds in accordance with Regulation 20'.

Please note that this section relates to the safeguarding of funds held in exchange for e-money only. Safeguarding of funds held in connection to payment services is covered in Section 6 Unrelated payment services (if applicable).

5.1 Please indicate the applicant firm's method(s) for safeguarding relevant funds from the table below:

Method 1 (Go to Question 5.2)	Placing the relevant funds in a separate account that it holds with an authorised credit institution or investing the relevant funds in secure, liquid, low-risk assets and placing those assets in a separate account with an authorised custodian.	<input type="checkbox"/>
Method 2 (Go to Question 5.3)	Coverage of relevant funds by an insurance policy from an authorised insurer, or a comparable guarantee from an authorised insurer or credit institution.	<input type="checkbox"/>

5.2 If you have selected Method 1, please provide a description of the safeguarding measures including:

a) a description of the investment policy to ensure the assets chosen are liquid secure and low risk, if applicable;

b) a description of the administration and reconciliation process to ensure that payment service users' funds are insulated in the interest of payment service users against the claims of other creditors of the payment institution, in particular in the event of insolvency.

5.2.1 Please attach copy of the draft contract with the credit institution, including explicit declaration that the account meets the requirements of the relevant parts of the Regulations (such as the designation of the account and a declaration that the credit institution has no set-off rights to the funds held in that account).

Attached

5.3 If you have selected Method 2, please provide a description of the safeguarding measures including:

- a) confirmation that the insurance policy or comparable guarantee from an insurance company or a credit institution is from an entity that is not part of the same group of firms as the applicant firm;
- b) details of the reconciliation process in place to ensure that the insurance policy or comparable guarantee is sufficient to meet the applicant firm's safeguarding obligations at all times; and
- c) duration and renewal of the coverage.

5.3.1 Please attach a copy of the (draft) insurance agreement or of the (draft) comparable guarantee.

Attached

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6

Unrelated payment services

Why do we ask the question in this section?

Where the applicant firm will provide payment services unrelated to its e-money issuance, you must provide details here.

Only complete this section if the applicant firm intends to carry out payment services unrelated to its e-money issuance business.

6.1 You must select the unrelated payment services the applicant firm will be providing from the list below:

1	Services enabling cash to be placed on a payment account and all of the operations required for operating a payment account.	<input type="checkbox"/>
2	Services enabling cash withdrawals from a payment account and all of the operations required for operating a payment account.	<input type="checkbox"/>
3	The execution of the following types of payment transaction: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; (iii) credit transfers, including standing orders.	<input type="checkbox"/>
4	The execution of the following types of payment transaction, where the funds are covered by a credit line for the payment service user: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; (iii) credit transfers, including standing orders.	<input type="checkbox"/>
5	Issuing payment instruments or acquiring payment transactions.	<input type="checkbox"/>
6	Money remittance.	<input type="checkbox"/>

6.2 You must confirm that the monthly average of the total amount of payment transactions not related to issuing e-money, executed by the applicant firm, including any of its agents, in the 12 months preceding the application does not exceed €3,000,000. If the applicant firm is unable to base this calculation on relevant historical data, it may use a projection supported by the business plan.

Yes

No ▶ You will need to apply to be an Authorised EMI. You will need to complete the Application for Authorisation as an Authorised Electronic Money Institution form on Connect.

6.3 Please provide a description of the payment services that you have selected from the list in Question 6.1 above.

This description should include; (i) an explanation on how these activities fit into any of the legal categories of payment services; and (ii) the different ways through which these services are provided and processing times.

Safeguarding

In addition to complying with the safeguarding requirements in the EMRs, SEMIs may also opt to comply with safeguarding requirements in the PSRs in relation to funds received for the execution of payment transactions that are not related to the issuance of e-money (see Regulation 23 of the PSRs and Regulation 20(6) EMRs).

6.4 Will the applicant be safeguarding relevant funds received for the execution of unrelated payment transactions?

- Yes
 No ▶ Continue to Section 7

6.5 Please indicate the applicant firm's method(s) for safeguarding relevant funds from the table below

Method 1 (Go to Question 6.6)	Placing the relevant funds in a separate account that it holds with an authorised credit institution or the Bank of England or investing the relevant funds in such secure, liquid assets as the FCA may approve and placing those assets in a separate account with an authorised custodian.	<input type="checkbox"/>
Method 2 (Go to Question 6.7)	Coverage of relevant funds by an insurance policy from an authorised insurer, or a comparable guarantee from an authorised insurer or credit institution.	<input type="checkbox"/>

6.6 If you have selected Method 1, please provide a description of the safeguarding measures including:

- a) a description of the investment policy to ensure the assets chosen are liquid secure and low risk, if applicable;
 b) a description of the administration and reconciliation process to ensure that payment service users' funds are insulated in the interest of payment service users against the claims of other creditors of the payment institution, in particular in the event of insolvency.

6.6.1 Please attach copy of the draft contract with the credit institution, including explicit declaration of compliance with the relevant parts of Regulation 23 PSRs (such as a declaration that the credit institution has no set-off rights to the funds held in that account).

Attached

6.7 If you have selected Method 2, please provide a description of the safeguarding measures including:

- a) confirmation that the insurance policy or comparable guarantee from an insurance company or a credit institution is from an entity that is not part of the same group of firms as the applicant firm;
- b) details of the reconciliation process in place to ensure that the insurance policy or comparable guarantee is sufficient to meet the applicant firm's safeguarding obligations at all times; and
- c) duration and renewal of the coverage.

6.7.1 Please attach a copy of the (draft) insurance agreement or of the (draft) comparable guarantee.

Attached

DRAFT

7 Governance arrangements and risk management

Why do we ask the questions in this section?

Applicant firms are required to provide descriptions of their governance arrangements and risk management to enable us to assess if the arrangements and procedures are comprehensive, and proportionate. Please note the applicant firm must satisfy us on this point before we can grant registration. See Regulation 13(6) of the EMRs and chapter 3 of the Approach document.

The level of detail you provide for the questions in this section should reflect the scale and complexity of the applicant firm's proposed business. We will assess if the arrangements, controls and procedures are appropriate, sound and adequate.

7.1 Please provide a description of its governance arrangements which includes the following:

- a) the decision making procedures, reporting lines and processes, and the measures that would be taken to address any deficiencies;
- b) the accounting procedures by which the applicant firm will monitor the average outstanding e-money and payment services does not exceed the thresholds;
- c) the identity of the person(s) responsible for the internal control functions, including compliance control (we would expect an EMD individual form for this person(s));
- d) the identity of any auditor(s) if applicable; and
- e) details of the way outsourced functions are monitored and controlled so as to avoid an impairment in the quality of the applicant firm's internal controls.

You must use a separate sheet of paper to answer this question.

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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7.2 Please provide a description of the anti-money laundering policies, procedures and internal controls that you have put in place.

We may ask to see copies of any relevant anti-money laundering policies.

7.3 Please provide a description of the applicant's risk management procedures, including the type of risks and the procedures it will put in place to assess and prevent such risks. Such risks may include:

- Settlement risk (a settlement of a payment transaction does not take place as expected);
- Operational risk (loss from inadequate or failed internal processes, people or systems);
- Counterparty risk (that the other party to a transaction does not fulfil its obligations);
- Liquidity risk (inadequate cash flow to meet financial obligations);
- Market risk (risk resulting from the movement in market prices);
- Financial crime risk (see chapter 11 of the Approach document); and
- Foreign exchange risk (fluctuation in exchange rates).

7.4 Please provide a description of the business continuity arrangements that you have put in place.

This should include a business impact analysis of how the applicant firm will deal with significant continuity events and disruptions, such as the failure of key systems, the loss of key data, inaccessibility of premises, and loss of key persons; and the frequency with which the applicant intends to test the business continuity and disaster recovery plans, including how the results of the testing will be recorded.

8

Qualifying holdings and close links

Why do we ask the questions in this section?

Although not a condition of registration, we require information on the individual(s) with a qualifying holding in the applicant firm, and the applicant's close links in order to facilitate our ongoing supervision of the applicant firm.

A 'qualifying holding' is defined in the Regulations by reference to Article 4(1)(36) of the Capital Requirements Regulation (EU) 575 /2013. The definition in the Capital Requirements Regulations is a 'direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking'.

We also refer to those with 'qualifying holdings' as 'controllers'.

A 'qualifying holding' is broadly an individual or firm that:

- holds 10% or more of the shares in the applicant firm (or 10% or more of the shares in a parent firm);
- is able to exercise significant influence over the management of the applicant firm through a shareholding in the applicant firm or a parent;
- is entitled to control or exercise control of 10% or more of the voting power in the applicant firm (or 10% or more of the voting power in a parent firm); or
- is able to exercise significant influence over the management of the applicant firm through their voting power in it or a parent.

Limited Liability Partnership (LLP) applicants should note that some (or sometimes all) individual members may be controllers of the LLP. Usually this will depend on the number of members and the terms of the membership agreement, especially regarding voting power or significant influence.

8.1 Who controls (owns) the applicant firm?

You must detail in the boxes below the individual(s) with a 'qualifying holding' in the applicant firm.

Person 1

Name

Is this person an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant firm

 %

Percentage of shares or voting rights held in the applicant firm's parent(s)

 %

Do they have significant influence over the management of the applicant firm?

Yes No

Person 2

Name

Is this person is an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant firm

Percentage of shares or voting rights held in the applicant firm's parent(s)

Do they have significant influence over the management of the applicant firm?

 Yes No
Person 3

Name

Is this person is an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant firm

Percentage of shares or voting rights held in the applicant firm's parent(s)

Do they have significant influence over the management of the applicant firm?

 Yes No
Person 4

Name

Is this person is an individual (e.g. Director/Partner) or a firm?

Percentage of shares or voting rights held in the applicant firm

Percentage of shares or voting rights held in the applicant firm's parent(s)

Do they have significant influence over the management of the applicant firm?

 Yes No

Person 5

Name

--

Is this person is an individual (e.g. Director/Partner) or a firm?

--

Percentage of shares or voting rights held in the applicant firm

%

Percentage of shares or voting rights held in the applicant firm's parent(s)

%

Do they have significant influence over the management of the applicant firm?

 Yes No

Please use a separate sheet of paper if necessary to provide details (in the format above) of any additional controllers. If you have used a separate sheet of paper please indicate how many below:

Number of additional sheets	
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Close-links

Applicants that are body corporates must satisfy the FCA that any "close links" it has are not likely to prevent the effective supervision of the applicant by the FCA or, where a close link is subject to the laws of a territory which is not an EEA State, that the laws of the foreign territory would not prevent the effective supervision of the applicant by the FCA. A close link is defined in the EMRs at Regulation 6 as:

- a parent undertaking of the applicant;
- a subsidiary undertaking of the applicant;
- a parent undertaking of a subsidiary undertaking of the applicant;
- a subsidiary undertaking of a parent undertaking of the applicant;
- an owner of 20% or more of the capital or voting rights in the applicant; or
- an entity in which the applicant owns or controls 20% or more of the capital or voting rights.

Subsidiary and parent undertaking have the meanings given in section 1162 of, and Schedule 7 to the Companies Act 2006.

Please refer to the diagram in Chapter 3 of the Approach Document, which sets out the types of relationships between firms and individuals that we consider to be close links.

8.2 Does the applicant firm have close links?

- Yes
 No ▶ Continue to Section 9

8.2.1 You must provide a structure chart to show:

- **the identity of the close link; and**
- **the nature of the relationship between the applicant firm and each close link**

If you are also providing a structure chart to illustrate the applicant firm's controller(s) or group, that chart should include all of the applicant firm's close link(s).

Ownership structure chart attached

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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DRAFT

9

Procedure to monitor, handle and follow up on a security incident and customer complaints

Why do we ask the questions in this section?

Every applicant for registration as a SEMI has to satisfy us that they have adequate procedures to meet their obligations under the PSRs and our Handbook. The following questions help us to assess whether these procedures have been carefully thought out. More information can be found in chapter 3 of the Approach document.

9.1 Please provide a description of the processes you have in place to meet your obligations to report major incidents to the FCA.

The incident reporting requirement is set out in Regulation 99 of the PSRs and the Supervision Manual of our Handbook.

9.2 Please provide a description of the complaint procedures that you have in place for your customers

The dispute resolution and complaint handling requirements are set out in Regulation 101 for non-eligible complainants and in our Dispute Resolution Sourcebook for eligible complainants.

10

Process in place to file, monitor, track and restrict access to sensitive payment data

Why do we ask the questions in this section?

Every applicant for registration as a SEMI has obligations to protect its customers' data. The following questions help us to assess whether these procedures have been carefully thought out.

10.1 Please provide a description of the process in place to file, monitor, track and restrict access to sensitive payment data.

This should include:

- the procedures in place to authorise access to the sensitive payment data;
- a description of how the data is used internally and/or externally; and
- an explanation of how breaches will be detected and addressed.

DRAFT

11

The principles and definitions applicable to the collection of statistical data on performance, transactions and fraud

Why do we ask the questions in this section?

Every applicant for registration as a SEMI has to satisfy us that they have procedures in place to meet their obligations to provide an annual fraud report to the FCA under Regulation 109 of the PSRs. The following questions help us to assess whether these procedures are adequate. More information can be found in chapter 13 of the Approach document.

11.1 Please provide a description of the procedures you have in place for collecting statistical data on performance, transactions and fraud.

This should include the means of collecting data.

DRAFT

12 Security policy

Why do we ask the questions in this section?

Every applicant for registration as a SEMI has to satisfy us that they have an operational and security risk management framework in place. The following questions help us to assess whether this framework is adequate.

12.1 Please provide a description of the key IT systems in use at the applicant firm which will support the provision of e-money issuance and payment services, including off-the-shelf and bespoke packages.

12.2 Is the applicant firm already using these systems?

Yes

No ▶ State below when you expect them to be installed

12.3 Please provide a description of the applicant's security policy.

This should include:

- a detailed risk assessment of the payment service(s) intended, including risks of fraud and the security control and mitigation measures taken to adequately protect customers against the risks identified;
- a description of the IT security measures and mechanisms in place, specifying the control the applicant will have over these such as security equipment configuration, confidentiality of communication, intrusion detection, antivirus etc;
- the physical security measures and mechanisms of the head office and other premises and the location of the data centre of the applicant, such as access controls and environmental security;
- the security of payment processes including customer authentication procedures used for both consultative and transactional accesses, and for underlying payment instruments; and
- a description of the systems and procedures that the applicant has in place for transaction analysis and identification of suspicious or unusual transactions.

If the applicant firm has an existing or draft security policy document that addresses the items above, then this can be provided.

Security policy document attached

13 Fees and levies

Why do we ask the questions in this section?

This section is included to provide the applicant information on periodic fees and levies payable to the FCA, the Financial Ombudsman Service and Money Advice Service (MAS). We also explain the relevant FCA and Ombudsman Service fee-blocks.

The activities the applicant firm undertakes when it becomes registered will determine which fee-block(s) the applicant firm is allocated to. The fees and levies in each fee-block are often based on the tariff data; however, Small EMIs will pay flat periodic fees and levies in line with FEES 4 Annex 11 Part 5 of our Handbook. See www.fshandbook.info/FS/html/handbook/FEES/4/11. Please see below for fee and industry blocks that apply to a Small EMI.

FCA fees

15.1 Fee-block G.11- Small Electronic Money Institutions

If an applicant firm is providing unrelated payment services, it will also be allocated to fee-block G.4 - Small Payment Institutions. We do not require data for fee-block G.4 as this is a flat fee.

15.2 Financial Ombudsman Service (Ombudsman Service) General Levy

An applicant firm will come under the jurisdiction of the Ombudsman Service for issuing electronic money except if it is an exempt electronic money issuer. A SEMI will fall within Industry block 18 – Electronic Money Issuers. A flat fee is payable for this industry block.

If the applicant firm will provide unrelated payment services, i.e. not directly related to its electronic money business, it will also be allocated to Industry block 11. A flat levy is payable for this industry block. So there are no data requirements for the Ombudsman Service levy.

Declaration of the Financial Ombudsman Service exemption

Please note that if the applicant firm will carry on business with consumers then exemption will not be available, because they qualify as eligible complainants.

15.3 The Financial Ombudsman Service exemption

If the applicant firm will not carry on business with eligible complainants and does not foresee doing so in the immediate future, please tick the box below:

Applicant firm is exempt from the Financial Ombudsman Service

If you have indicated that the applicant firm is exempt from the Financial Ombudsman Service, please provide supporting evidence for this exemption.

Attached

15.4 Money Advice Service (MAS) levy

For SEMIs, a flat fee is payable. The fee block(s) mirrors FCA fee block(s). So there are no data requirements for the MAS levy.

Application for re-registration

Legal name of applicant firm

Firm reference number (FRN)

Institution type i.e. SPI or SEMI

Important information you should read before completing this form

This application should *only* be completed by existing registered payment institutions registered under the Payment Services Regulations 2009 or the Electronic Money Regulations 2011; and are applying for re-registration under the Payment Services Regulations 2017 or the Electronic Money Regulations 2011 (as amended by the Payment Services Regulations 2017).

This application form should be used to provide the information:

1. in the case of SPIs, as required by Regulation 151 of the PSRs 2017, and
2. in the case of SEMIs, as required by Regulation 78A(4) and Schedule 1 of the EMRs 2011 (as amended).

The information will be used, along with information already held by the FCA, to assess whether the firm satisfies the new registration requirements introduced by the PSRs 2017 (including by amendment to the EMRs 2011) in implementation of PSD2.

Please keep a copy of your completed forms and any supporting documents you include in your application pack for future reference.

The guidance set out in the Approach Document available on the FCA's website will help you complete the questions in this form. They also explain why we require the requested information.

In accordance with the PSRs 2017 and the EMRs 2011, SEMIs that intend to provide payment services or issue e-money on or after 13 July 2018 will need to provide this new information to the FCA before 13 April 2018, and SPIs will need to provide this new information to the FCA before 13 October 2018 in order to take advantage of transitional arrangements

Existing registrations for SEMIs will cease to have effect on 13 July 2018 and for SPIs on 13 January 2019. Firms that have not been re-registered may be committing a criminal offence if they continue to provide regulated services on or after this date.

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011 and other relevant legislation and may be disclosed to third parties for those purposes or where statutory gateways exist.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to assess your application.

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- save all the parts of the form you have completed and attach to your application.

2 If you think a Question is not relevant to you, write 'not applicable' and explain why.

3 If the information has previously been provided to the FCA and you do not wish to provide it again, please indicate where and in what form this information was provided.

4 If you leave a Question blank or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.

6 Ensure you have:

- completed all sections of this form that are relevant to you;
- saved the form you have completed;
- attached any supporting documents; and
- paid the application fee via Connect (please see the Connect pages for more information). The application fee is non-refundable.

Where you are required to attach supporting documents (e.g. security policy document) to your application, failure to do so will mean we will have to treat the application as incomplete. This will increase the time taken to assess your application.

Terms in this pack

In this application pack we use the following terms:

- **'Applicant' or 'applicant firm'** refers to the firm applying for re-registration
- **'EMRs'** refers to the Electronic Money Regulations 2011 (as amended by the PSRs)
- **'HMRC'** refers to HM Revenue & Customs
- **'MLRs'** refers to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- **'PSD2'** refers to the revised Payment Services Directive (Directive 2015/2366/EU)
- **'PSRs'** refers to the Payment Services Regulations 2017
- **'SEMI'** refers to Small Electronic Money Institution
- **'SPI'** refers to Small Payment Institution
- **'The EBA's Register'** refers to the European Banking Authority's public Register of payment service providers
- **'We', 'us', 'our' or 'FCA'** refers to the Financial Conduct Authority
- **'You'** refers to the person(s) signing the form on behalf of the applicant firm

Contents of this form

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1.5 Do you want us to copy all correspondence to the professional adviser?

- No ▶ Continue to Section 2
 Yes

1.6 Name and contact details of professional adviser

Title	
First name(s)	
Surname	
Business address	
Postcode	
Phone number (including STD code)	
Mobile number (optional)	
Email address	

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2

Procedure to monitor, handle and follow up on a security incident and customer complaints

Why do we ask the Questions in this section?

Every SPI or SEMI is required to meet certain obligations once registered. This information will help us assess whether the applicant will be able to meet these obligations.

2.1 Please provide a description of the processes you have in place to meet your obligations to report major incidents to the FCA.

The incident reporting requirement is set out in Regulation 99 of the PSRs and the Supervision Manual of our Handbook.

2.2 Please provide a description of the complaint procedures that you have in place for your customers

The dispute resolution and complaint handling requirements are set out in Regulation 101 for non-eligible complainants and in our Dispute Resolution Sourcebook for eligible complainants.

3

Process in place to file, monitor, track and restrict access to sensitive payment data

Why do we ask the Questions in this section?

Every SPI or a SEMI has an obligation to protect its customers' data once registered. This information will help to assess whether the applicant will be able to meet these obligations.

3.1 Please provide a description of the process in place to file, monitor, track and restrict access to sensitive payment data.

This should include:

- the procedures in place to authorise access to the sensitive payment data;
- a description of how the data is used internally and/or externally; and
- an explanation of how breaches will be detected and addressed.

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4

The principles and definitions applicable to the collection of statistical data on fraud

Why do we ask the Questions in this section?

SPIs and SEMIs have to provide an annual fraud report to the FCA under Regulation 110 of the PSRs. This information will help us to assess whether the applicant will be able to meet these obligations. More information can be found in chapter 13 of the Approach document.

4.1 Please provide a description of the procedures you have in place for collecting statistical data on performance, transactions and fraud.

This should include the means of collecting data.

DRAFT

5

Security policy

Why do we ask the Questions in this section?

Every SPI or SEMI has to put in place an operational and security risk management framework. The following questions help us to assess whether this framework is adequate.

5.1 Please provide a description of the key IT systems in use at the applicant firm which will support the provision of e-money issuance and/or payment services, including off-the-shelf and bespoke packages.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

5.2 Please provide a description of the applicant's security policy.

This should include:

- a detailed risk assessment of the payment service(s) intended, including risks of fraud and the security control and mitigation measures taken to adequately protect customers against the risks identified;
- a description of the IT security measures and mechanisms in place, specifying the control the applicant will have over these such as security equipment configuration, confidentiality of communication, intrusion detection, antivirus etc;
- the physical security measures and mechanisms of the head office and other premises and the location of the data centre of the applicant, such as access controls and environmental security;
- the security of payment processes including customer authentication procedures used for both consultative and transactional accesses, and for underlying payment instruments; and
- a description of the systems and procedures that the applicant has in place for transaction analysis and identification of suspicious or unusual transactions.

If the applicant firm has an existing or draft security policy document that addresses the items above then this can be provided.

Security Policy Document attached

6

Additional Information - SPIs only

Why do we ask the questions in this section?

An existing SPI must provide to the FCA the information (as applicable) that it has not previously provided to the FCA (whether as part of its original application for registration or otherwise). In this section we ask for detail on matters that were not requested as part of your original application.

Where the applicant has already provided the required information to the FCA it may notify the FCA that it has done so rather than providing the information again (see 'Filling in the Form').

6.1 Does the applicant's business to which the application relates include the provision of account information services or payment initiation services?

No

Yes ▶ You will need to apply to be an Authorised Payment Institution. You will need to complete an Application for Authorisation as a Payment Institution on Connect.

6.2 Please describe how the applicant will monitor the monthly average value of payment transactions.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

6.3 Please provide a description of the anti-money laundering policies, procedures and internal controls that you have put in place.

We may ask to see copies of any relevant anti-money laundering policies.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

6.4 If you have 'opted in' to the safeguarding provisions, please provide the following:

If you have selected method 1 - placing funds in a separate account:

- a description of the administration and reconciliation process to ensure that payment service users' funds are insulated in the interest of payment service users against the claims of other creditors of the payment institution, in particular in the event of insolvency.

If you have selected method 2 - insurance policy from an authorised insurer, or a comparable guarantee:

- details of the reconciliation process in place to ensure that the insurance policy or comparable guarantee is sufficient to meet the applicant firm's safeguarding obligations at all times.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

6.5 If you have PSD agents, please provide a description of how the applicant monitors and control its agents.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

6.6 For each of your PSD individuals, please provide the following:

- a copy of an ID card or equivalent for each PSD individual;
 Attached
- letters/contracts of appointment for each of the PSD individuals which should include start dates and duration of the mandate;
 Attached
- a summary of the key duties and responsibilities of each PSD individual;
- information on suitability assessment carried out by the applicant, which should include details of the result of any assessment of the suitability of the PSD individual performed by the institution, such as relevant board minutes or suitability assessment reports or other documents; and
- details of whether any other assessment of the PSD individual by another authority from a non-financial sector, has already been conducted, including the identity of that authority and evidence of the outcome of this assessment.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

6.7 Does the applicant firm have close links?

- No ▶ Continue to Question 6.9
 Yes

6.7.1 You must provide a structure chart to show

- **the identity of the close link; and**
- **the nature of the relationship between the applicant firm and each close link**

If you are also providing a structure chart to illustrate the applicant firm's controller(s) or group, that chart should include all of the applicant firm's close link(s).

Ownership structure chart attached

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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6.8 Where relevant, please provide the information listed below for the person(s) or entity(ies) that have a qualifying holding in the firm.

- a description of the group to which the applicant belongs and indication of the parent undertaking, where applicable;
- where the qualifying holdings are held by a person, copies of official identity documents and curriculum vitae;
- where the qualifying holdings are held by a legal person or entity:
 - i. a list of individuals who effectively direct 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 activities or other relevant functions currently performed), together with the information referred to in the fitness and propriety test contained within the PSD/EMD individual form, in respect of each individual;
- where the legal person or entity is part of a group;
 - i. information on the relationships between any credit institution, insurance or re-insurance undertaking or investment firm within the group and any other group entities;
 - ii. 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/EC3, where applicable, including each of the following items: the balance sheet; the profit and loss accounts or income statement; and the annual reports and financial annexes and any other documents registered with the relevant registry or competent authority of the legal person;
 - iii. 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);
- where the legal person or entity has its head office in a third country, the application shall set out 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;
- for entities that do not have legal personality such as a collective investment undertaking, a sovereign wealth fund or a trust, the application shall set out the following information:

- i. the identity of the persons who manage assets and of the persons who are beneficiaries or subscribers; and
 - ii. a copy of the document establishing and governing the entity including the investment policy and any restrictions on investment applicable to the entity;
- The application shall set out all of the following information of each natural or legal person or entity who has or, in case of authorisation, will have a qualifying holding in the capital of the applicant should contain the following:
 - i. 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;
 - ii. details of the person's or the entity's intentions in respect of the applicant and of the influence the person or the entity intends to exercise over the applicant, including in respect of the dividend policy, the strategic development and the allocation of resources of the applicant, whether or not it intends to act as an active minority shareholder and the rationale for such intention;
 - iii. information on the person's or the entity's willingness to support the applicant with additional own funds if needed for the development of its activities or in case of financial difficulties;
 - iv. the content of any intended shareholder's or member's agreements with other shareholders or members in relation to the applicant;
 - v. 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, on the ability of the applicant to provide timely and accurate information to the competent authorities; and
 - vi. the identity of each member of the management body or of senior management who will direct the business of the applicant 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 Guideline 16.
- The application should set out a detailed explanation on the specific sources of funding for the participation of each person or entity having a qualifying holding in the applicant's capital, which should include:
 - i. 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;
 - ii. details on access to financial markets, including details of financial instruments to be issued;
 - iii. 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 should provide to the competent authorities information on the origin of the borrowed funds;

- iv. information on any financial arrangement with other persons who are shareholders or members of the applicant.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

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7

Additional Information - SEMIs only

Why do we ask the questions in this section?

An existing SEMI must provide to the FCA the information (as applicable) that it has not previously provided to the FCA (whether as part of its original application for registration or otherwise). In this section we ask for detail on matters that were not requested as part of your original application.

Where the applicant has already provided the required information to the FCA it may notify the FCA that it has done so rather than providing the information again (see 'Filling in the Form').

7.1 Does the applicant's business to which the application relates include the provision of account information services or payment initiation services?

No

Yes ▶ Subject to transitional provisions, you cannot register as an SEMI. You will need to apply to be a different type of payment service provider, or cease providing these services. See Chapter 3 of the Approach Document for more guidance.

7.2 With regards to your governance arrangements, please provide the following:

- the accounting procedures by which the applicant firm will monitor the average outstanding e-money and payment services does not exceed the thresholds;
- the identity of the person(s) responsible for the internal control functions, including compliance control; and
- details of the way outsourced functions are monitored and controlled so as to avoid an impairment in the quality of the applicant firm's internal controls.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

7.3 Where the applicant has agents and/or distributors, please provide a description of the use of those agents and/or distributors, including:

- the monitoring procedures including the off-site and on-site checks that the applicant intends to perform and their frequency; and
- the key points of the agreement containing the terms of the mandate, selection policy, and agents/distributors' training.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

7.4 Please provide a description of the business continuity arrangements that you have put in place.

This should include a business impact analysis of how the applicant firm will deal with significant continuity events and disruptions, such as the failure of key systems, the loss of key data, inaccessibility of premises, and loss of key persons; and the frequency with which the applicant intends to test the business continuity and disaster recovery plans, including how the results of the testing will be recorded.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

--

7.5 Does the applicant firm have close links?

No ▶ Continue to Question 2.5

Yes

7.5.1 You must provide a structure chart to show

- **the identity of the close link; and**
- **the nature of the relationship between the applicant firm and each close link**

If you are also providing a structure chart to illustrate the applicant firm's controller(s) or group, that chart should include all of the applicant firm's close link(s).

Ownership structure chart attached

Please indicate how many separate sheets of paper you have used.

Number of additional sheets	
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If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

--

7.6 For each of your EMD individuals, please provide the following:

- a copy of an ID card or equivalent for each EMD individual;
 Attached
- letters/contracts of appointment for each of the EMD individuals which should include start dates and duration of the mandate;
 Attached
- a summary of the key duties and responsibilities of each EMD individual;
- information on suitability assessment carried out by the applicant, which should include details of the result of any assessment of the suitability of the EMD individual performed by the institution, such as relevant board minutes or suitability assessment reports or other documents; and

- details of whether any other assessment of the EMD individual by another authority from a non-financial sector, has already been conducted, including the identity of that authority and evidence of the outcome of this assessment.

If you have previously provided this information and do not intend to provide it again, please specify when and how this information was provided.

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Variation of PSD Authorisation / Registration

Full name of Payment institution

Firm reference number (FRN)

Purpose of this form

This form is **only** for APIs and SPIs wishing to vary their PSD Authorisation/Registration under Regulations 8 or 13 of the Payment Services Regulations 2017.

Important information you should read before completing this form

Please keep a copy of the form you complete and any supporting documents you include with this application for your future reference.

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under The Payment Services Regulations 2017- and other relevant legislation; it may be disclosed to third parties for those purposes and/or where there is an applicable gateway permitting disclosure (i.e. specific circumstances in which the FCA is permitted to disclose confidential information to a third party).

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to assess your application.

Terms in this pack

In this form we use the following terms:

- **'API'** refers to an Authorised Payment Institution
- **'Applicant', or 'Applicant firm'** refers to the firm applying for a variation of permission
- **'Approach Document'** refers to our guidance document entitled "*Payment Services and Electronic Money – Our Approach*"
- **'PSRs'** refers to the Payment Services Regulations 2017
- **'PSD2'** refers to the revised Payment Services Directive (2015/2366)
- **'SPI'** refers to a Small Payment Institution
- **'the EBA's Register'** refers to the European Banking Authority's Register which is a central public record of payment services providers in the EEA.
- **'We', 'our', 'us' or 'FCA'** refers to the Financial Conduct Authority
- **'you'** refers to the person(s) signing the form on behalf of the applicant firm

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- save all the parts of the form you have completed and attach to your application.

2 If you think a Question is not relevant to you, write 'not applicable' and explain why.

3 If you leave a Question blank or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

4 If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.

5 Ensure you:

- save all the parts of the form you have completed;
- attach this form, together with any supporting documents on Connect; and
- pay the application fee via Connect. The application fee is non-refundable.

Contents of this form

1 Contacts and timings for this application	3
2 Variation of payment services activities	4
3 Reason for variation	6
4 Supporting information	7

1

Contacts and timings for this application**Why do we ask the questions in this section?**

We need to know information about contacts and timings for this application so we can process it as efficiently as possible.

Details of professional advisers**1.1 Has the applicant firm used a professional adviser to help with this application?**

- No ▶ Continue to Question 1.5
 Yes

1.2 Name of professional adviser's firm

1.3 Do you want us to copy all correspondence to the professional adviser?

- No
 Yes

1.4 Name and contact details of professional adviser

Title	
First name(s)	
Surname	
Business address	
Postcode	
Phone number (including STD code)	
Mobile number (optional)	
Email address	

Timings for this application**1.5 Do you have any timing factors that you would like us to consider?**

If the applicant wishes to vary its authorisation / registration by a specific date, we will try to meet it. This is dependent on the applicant providing complete and timely information.

2 Variation of payment services activities

Why do we ask the questions in this section?

Every applicant is required to set out the intention of this variation application i.e. the changes you require to your payment services activities. This will appear on the FCA's Financial Services Register and separately, the EBA's Register.

2.1 Does the applicant intend to increase or decrease the range of its payment services activities?

- Yes
 No ▶ Continue to Question 2.2

2.1.1 Please select the payment services you would like to add or delete from the list below

Select payment services activity(ies)			
Add new activity	Delete existing activity	Payment services activities	
<input type="checkbox"/>	<input type="checkbox"/>	(a)	Services enabling cash to be placed on a payment account and all of the operations required for operating a payment account.
<input type="checkbox"/>	<input type="checkbox"/>	(b)	Services enabling cash withdrawals from a payment account and all of the operations required for operating a payment account.
<input type="checkbox"/>	<input type="checkbox"/>	(c)	The execution of the following types of payment transaction: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; and (iii) credit transfers, including standing orders.
<input type="checkbox"/>	<input type="checkbox"/>	(d)	The execution of the following types of payment transaction, where the funds are covered by a credit line for the payment service user: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; and (iii) credit transfers, including standing orders.
<input type="checkbox"/>	<input type="checkbox"/>	(e)	Issuing payment instruments or acquiring payment transactions.
<input type="checkbox"/>	<input type="checkbox"/>	(f)	Money remittance.
<input type="checkbox"/>	<input type="checkbox"/>	(g)	Payment initiation services*
<input type="checkbox"/>	<input type="checkbox"/>	(h)	Account information services*

	<input type="checkbox"/>	<p>The execution of payment transactions, where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator, acting only as an intermediary between the payment service user and the supplier of the goods or services.**</p>
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* Only available for APIs. SPIs are not permitted to carry on payment initiation service or account information service activity (regulations 14(4) PSRs)

** Paragraph (g) Schedule 1 of the Payment Services Regulations 2009. Please note that firms will no longer be able to apply for permission to carry on this payment service after 12 January 2018.

PSD requirement(s)

2.2 Does the applicant intend to add, vary or remove a PSD requirement?

Yes

No ▶ Continue to Section 3

2.2.1 If you are adding a new PSD requirement, please enter it in the box below.

2.2.2 If you are amending or deleting a current PSD requirement, enter it along with the proposed changes (if applicable) in the box below.

3

Reason for variation

Why do we ask the questions in this section?

We need to know why you are applying to vary your authorisation / registration to help us determine your application.

- 3.1 Please provide a description of why you are making this application. You should give as much information as possible and describe whether this variation will result in a significant change in your firm's business.**

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4

Supporting information

Depending on the payment services activities you currently carry out and those you wish to add, you may need to provide some supporting information with this application.

If you are an API or SPI applying only to add a requirement or delete an activity, this section is not applicable. You should continue to Section 5.

For SPIs, you should only complete Question 4.4, 4.5, 4.6 (if you have 'opted in' to the safeguarding provisions), 4.7 and 4.8 in this section.

Capital requirements

4.1 Will your firm's initial and/or ongoing capital requirement(s) change as a result of this application?

- No ▶ Continue to Question 4.2
- Yes ▶ Give details below of the new capital requirement(s), including how you have calculated them, the ongoing capital method used, details of any projected income/expenditure used in the calculation and how you will meet the new capital requirement

Systems & Controls

4.2 Will your firms' systems be updated as a result of this variation?

- No ▶ Explain why below
- Yes ▶ Give details below of how your systems will be updated, including how your business continuity and disaster recovery plan has been updated.

4.3 Will this variation result in any changes to the firm's outsourcing arrangements?

- No
- Yes ▶ Give details below

4.4 Will your firm's security policy document be updated to reflect this variation?

- No
 Yes ▶ Give details below

4.5 Has the firm updated its principles and definitions applicable to the collection of the statistical data on performance, transaction and fraud to reflect this variation of permission?

- No
 Yes ▶ Give details below

4.6 Have the safeguarding arrangements been updated to reflect this variation, including reconciliation procedures?

- No
 Yes ▶ Give details below

Agents (if applicable)**4.7 Does the firm have agents?**

- No ▶ Continue to Question 4.8.
 Yes

4.7.1 Will the firms' agents also provide the new payment service(s) activity(ies) applied for in this application?

- No ▶ Explain why below
 Yes ▶ Give details below of how you will train and monitor your agents for this new payment service(s) activity(ies).

Personnel

4.8 Will there be any changes to the individuals responsible for payment services or management of your firm as a result of this variation?

- No
 Yes ▶ Give details below

You should also consider whether new PSD individual forms are required.

--

Professional indemnity insurance or comparable guarantee

4.9 Is the firm applying to undertake payment initiation services and/or account information services?

- No ▶ End of application form.
 Yes

This question asks you to confirm whether the applicant firm complies with the prudential requirements in relation to professional indemnity insurance (PII). Please see the EBA Guidelines on PII and chapter 3 (authorisation and registration) of our Approach document.

To complete this section you must have a quotation from a PII provider.

4.9.1 You must provide the details of the applicant firm's PII cover*

Insurer name	
Annual premium	
Limit of indemnity (single claim)	
Limit of indemnity (aggregate)	
Policy excess	
Increased excess(es) for specific business types:	Business type: Amount: £ Business type: Amount: £
Amount of additional capital required for increased excess(es)	£
Amount of additional capital required for excluded business or liabilities.	£

*You may be asked to confirm these details before we approve your application.

Variation of EMD Authorisation / Registration

Full name of Electronic Money Institution

Firm reference number (FRN)

Purpose of this form

This form is **only** for AEMIs and SEMIs wishing to vary their EMD Authorisation/Registration under Regulations 8 or 12 of the Electronic Money Regulations 2011.

Important information you should read before completing this form

Please keep a copy of the form you complete and any supporting documents you include with this application for your future reference.

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under the EMRs and other relevant legislation; it may be disclosed to third parties for those purposes and/or where there is an applicable gateway permitting disclosure (i.e. specific circumstances in which the FCA is permitted to disclose confidential information to a third party).

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to assess your application.

Terms in this pack

In this form we use the following terms:

- '**AEMI**' refers to an Authorised Electronic Money Institution
- '**Applicant**', or '**Applicant firm**' refers to the firm applying for variation of permission
- '**Approach Document**' refers to our guidance document entitled "*Payment Services and Electronic Money – Our Approach*"
- '**EMRs**' refers to the Electronic Money Regulations 2011
- '**SEMI**' refers to a Small Electronic Money Institution
- '**PSD2**' refers to the revised Payment Services Directive (2015/2366)
- '**PSRs**' refers to the Payment Services Regulations 2017
- '**the EBA's Register**' refers to the European Banking Authority's Register which is a central public record of payment services providers in the EEA.
- '**We**', '**our**', '**us**' or '**FCA**' refers to the Financial Conduct Authority
- '**you**' refers to the person(s) signing the form on behalf of the applicant firm

Filling in the form

- 1** If you are using your computer to complete the form:
 - use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
 - save all the parts of the form you have completed and attach to your application.
- 2** If you think a Question is not relevant to you, write 'not applicable' and explain why.
- 3** If you leave a Question blank or do not attach the required supporting documents without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.
- 4** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.
- 5** Ensure you:
 - save all the parts of the form you have completed;
 - attach this form, together with any supporting documents on Connect; and
 - pay the application fee via Connect. The application fee is non-refundable.

Contents of this form

1 Contacts and timings for this application	3
2 Variation of electronic money activities	4
3 Reason for variation	6
4 Supporting information	7

1

Contact details and timings for this application**Why do we ask the questions in this section?**

We need to know information about contacts and timings for this application so we can process it as efficiently as possible.

Details of professional advisers**1.1 Has the applicant firm used a professional adviser to help with this application?**

- No ▶ Continue to Question 1.5
 Yes

1.2 Name of professional adviser's firm

1.3 Do you want us to copy all correspondence to the professional adviser?

- No
 Yes

1.4 Name and contact details of professional adviser

Title	
First name(s)	
Surname	
Business address	
Postcode	
Phone number (including STD code)	
Mobile number (optional)	
Email address	

Timings for this application**1.5 Do you have any timing factors that you would like us to consider?**

If the applicant wishes to vary its authorisation / registration by a specific date, we will try to meet it. This is dependent on the applicant providing complete and timely information.

2 Variation of electronic money activities

Why do we ask the questions in this section?

Every applicant is required to set out the intention of this variation application i.e. the changes you require to your electronic money activities. This will appear on the FCA's Financial Services Register and separately, the EBA's Register.

2.1 Does the applicant intend to increase or decrease the range of its unrelated payment services activities?

- Yes
 No ▶ Continue to Question 2.2

2.1.1 Please select the unrelated payment services you would like to add or delete from the list below

Select payment services activity(ies)		
Add new activity	Delete existing activity	Payment services activities
<input type="checkbox"/>	<input type="checkbox"/>	(a) Services enabling cash to be placed on a payment account and all of the operations required for operating a payment account.
<input type="checkbox"/>	<input type="checkbox"/>	(b) Services enabling cash withdrawals from a payment account and all of the operations required for operating a payment account.
<input type="checkbox"/>	<input type="checkbox"/>	(c) The execution of the following types of payment transaction: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; (iii) credit transfers, including standing orders.
<input type="checkbox"/>	<input type="checkbox"/>	(d) The execution of the following types of payment transaction, where the funds are covered by a credit line for the payment service user: (i) direct debits, including one-off direct debits; (ii) payment transactions executed through a payment card or a similar device; (iii) credit transfers, including standing orders.
<input type="checkbox"/>	<input type="checkbox"/>	(e) Issuing payment instruments or acquiring payment transactions.
<input type="checkbox"/>	<input type="checkbox"/>	(f) Money remittance.
	<input type="checkbox"/>	The execution of payment transactions where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator acting only as an intermediary between the payment service user and the supplier of the goods or services. *

*Paragraph (g) Schedule 1 of the Payment Services Regulations 2009. Please note that firms will no longer be able to apply for permission to carry on this payment service after 12 January 2018.

EMD requirement(s)

2.2 Is the applicant applying to remove the EMD requirement of 'refraining from providing account information services or payment initiation services for an indefinite period'? This is only available to AEMIs.

- Yes
 No ▶ Continue to Question 2.3

2.2.1 Please select the payment services you would like to add from the table below

<input type="checkbox"/>	Payment initiation services
<input type="checkbox"/>	Account information services

2.3 Does the applicant intend to add, vary or remove a different EMD requirement?

- Yes
 No ▶ Continue to Section 3

2.3.1 If you are adding a new EMD requirement, please enter it in the box below

2.3.2 If you are amending or deleting a current EMD requirement, enter it along with the proposed changes (if applicable) in the box below

3

Reason for variation

Why do we ask the questions in this section?

We need to know why you are applying to vary your authorisation / registration to help us determine your application.

- 3.1 Please provide a description of why you are making this application. You should give as much information as possible and describe whether this variation will result in a significant change in your firm's business.**

DRAFT

4 Supporting information

Why do we ask the questions in this section?

Depending on the payment services activities you currently carry out and those you wish to add, you may need to provide some supporting information with this application.

If you are an AEMI or SEMI applying only to add a requirement (specified in Question 2.3) or delete an unrelated payment service activity, this section is not applicable. You should continue to Section 5.

For SEMIs, you should only complete Question 4.1 (if you have 'opted in' to the capital requirements) 4.4, 4.5, 4.6 (if you have 'opted in' to the safeguarding provisions), 4.7 and 4.8 in this section.

Capital requirements

- 4.1 Will your firm's initial and/or ongoing capital requirement(s) change as a result of this application? You should consider the capital requirements for unrelated payment services where it applies.**

- No ▶ Continue to Question 4.2
 Yes ▶ Give details below of the new capital requirement(s), including how you have calculated them and how you will meet the new capital requirement

Systems & Controls

- 4.2 Will your firms' systems be updated as a result of this variation?**

- No ▶ Explain why below
 Yes ▶ Give details below of how your systems will be updated, including how your business continuity and disaster recovery plan has been updated

- 4.3 Will this variation result in any changes to the firm's outsourcing arrangements?**

- No
 Yes ▶ Give details below

4.4 Will your firm's security policy document be updated to reflect this variation?

- No
 Yes ▶ Give details below

4.5 Has the firm updated its principles and definitions applicable to the collection of the statistical data on performance, transaction and fraud to reflect this variation of permission?

- No
 Yes ▶ Give details below

4.6 Have the safeguarding arrangements been updated to reflect this variation, including its reconciliation procedures? You should also consider whether a separate safeguarding account is required for the unrelated payment services where it applies.

- No
 Yes ▶ Give details below

Agents (if applicable)**4.7 Does the firm have agents?**

- No ▶ Continue to Question 4.8.
 Yes

4.7.1 Will the firms' agents also provide the new unrelated payment service(s) activity(ies) applied for in this application?

- No ▶ Explain why below
 Yes ▶ Give details below of how you will train and monitor your agents for this new payment service(s) activity(ies)

Personnel

4.8 Will there be any changes to the individuals responsible for management of your firm as a result of this variation?

- No
 Yes ▶ Give details below

You should also consider whether new EMD individual forms are required.

--

Professional indemnity insurance or comparable guarantee

4.9 Is the firm applying to remove the EMD requirement of *'refraining from providing account information services or payment initiation services'*? As per Question 2.2, this is only available to AEMIs. SEMIs should continue to Section 5.

- No ▶ End of application form
 Yes

This question asks you to confirm whether the applicant firm complies with the prudential requirements in relation to professional indemnity insurance (PII). Please see the EBA Guidelines on PII and chapter 3 (authorisation and registration) of our Approach document.

To complete this section you must have a quotation from a PII provider.

4.9.1 You must provide the details of the applicant firms PII cover*

Insurer name	
Annual premium	
Limit of indemnity (single claim)	
Limit of indemnity (aggregate)	
Policy excess	
Increased excess(es) for specific business types:	Business type: Amount: £ Business type: Amount: £
Amount of additional capital required for increased excess(es)	£
Amount of additional capital required for excluded business or liabilities.	£

*You may be asked to confirm these details before we approve your application.



Appendix 3

Addendum to the revised Approach Document

3. Authorisation and registration

Guidance on authorisation for authorised PIs and authorised EMIs, and registration for registered account information service providers (RAISPs) has been consulted on as part of CP 17/11. This version of the revised Approach Document also included guidance on the decision-making process and the transitional provisions. The additions below to Part II: Becoming a small PI or a small EMI will be incorporated in the final version of the revised Approach Document after 3.112 in Chapter 3 - authorisation and registration.

Introduction

[consulted on as part of CP17/11]

Part I: Becoming an authorised PI or authorised EMI

[consulted on as part of CP17/11]

Part II: Becoming a small PI or a small EMI

1. Businesses can apply for registration as a small PI and be exempt from the authorisation and prudential requirements of the PSRs if they:
 - do not intend to provide payment services on a cross-border basis or in another EEA state;
 - have an average monthly payment value of not more than €3 million; and
 - do not intend to carry out account information services or payment initiation services.
2. Businesses can apply for registration as a small EMI if:
 - their total business activities are projected to generate average outstanding e-money that does not exceed €5m; and
 - they do not intend to carry out account information services or payment initiation services.
3. Small EMIs may provide unrelated payment services on the same basis as a small PI (i.e. the conditions set out in 1 above).
4. As with small PIs, small EMIs are also not permitted to passport any of their activities.
5. The conditions that must be met in order to become a registered small PI or small EMI are set out in regulation 14 of the PSRs and regulation 13 of the EMRs respectively. We provide guidance in relation to each of the conditions, and the associated information which we will request to assess these conditions, below. We also set out other information that applicants will need to provide when applying for registration.

Making an application

6. Application forms for small PIs and small EMIs are available on the FCA website.
7. The application fees to become a small PI or small EMI are set out in **Chapter 15 – Fees**. No work will be done on processing an application until the full fee is received. The fee is non-refundable.

8. For small PIs and small EMIs, the application must be signed by the person(s) responsible for making the application on behalf of the applicant firm. The appropriate persons(s) depends on the applicant firm's type, as follows:

Type of applicant	Appropriate signatory
Sole trader (small PIs only)	The sole trader
Partnership (small PIs only)	Two partners
Unincorporated association (not a limited partnership) (small PIs only)	All members of the unincorporated association or one person authorised to sign on behalf of them all (supported by a resolution of the committee of management or equivalent)
Company with one director	The director
Company with more than one director	Two directors
Limited liability partnership	Two members
Limited partnership	The general partner or partners

Information to be provided and conditions of registration - both small PIs and small EMIs

9. We may refuse to register an applicant as a small PI or small EMI if any of the conditions specified in regulation 14 of the PSRs or regulation 13 of the EMRs (as applicable) have not been met. We provide guidance on the information which we will request from applicants below, including references to the PSRs or EMRs where relevant. This information will be requested from both small PIs and small EMIs.

Value of payment transactions - regulation 14(3) PSRs and regulation 13(4) EMRs

10. To be eligible for registration as a small PI, the projected average monthly value of payment transactions to be carried out by the applicant (including by agents on its behalf) must not exceed €3 million. In their application for registration, applicants will be required to self-certify that the business will meet the monthly value of payment transactions condition. However, if we suspect that this might not be the case, we may ask for projected financial statements. We also ask the applicant to describe how it will monitor the monthly average value of payment transactions once it is registered. We expect businesses to have a clear and established process for monitoring this so that they know if the requirement to become authorised (monthly average payment transactions value exceeding €3 million) is triggered.
11. For small EMIs, if the business plans to undertake payment services not connected with the issuing of e-money (unrelated payment services), then the projected monthly average of relevant payment transactions must not exceed €3m (as for small PIs in paragraph 1 above). To register as a small EMI, an applicant must also not have total business activities that are projected to generate average outstanding e-money that exceeds €5m (detail on the information required relating to this can be found in paragraph 38 below).
12. Applicants will need to take account of changes in exchange rates where they carry out transactions in different currencies. In our view it would be reasonable for firms to use the

Commission's monthly accounting rate (on the InforEuro website) to calculate turnover in euro for a particular calendar month.¹

Business must not include the provision of account information services or payment initiation services - regulation 14(4) PSRs and regulation 13(5) EMRs

13. Small PIs and small EMIs are not permitted to carry out account information or payment initiation services. Businesses that wish to carry out these services will need to apply for authorisation or, in the case of a business only wishing to provide account information services, the business will need to apply to become a registered account information service provider (RAISP).

Convictions by management - regulation 14(5) PSRs and regulation 13(9) EMRs

14. None of the individuals responsible for the management or operation of the business can have been convicted of offences relating to money laundering or terrorist financing or other financial crimes. We will ask the applicant to confirm on the application form that this is the case.
15. Financial crime includes fraud or dishonesty, offences under FSMA, PSRs or EMRs, and includes acts or omissions that would be an offence if they took place in the UK. We require the disclosure of spent and unspent criminal convictions and cautions unless the relevant conviction or caution is protected.

Qualifying holdings - regulation 14(6) PSRs and regulation 12(1) paragraph 4 of Schedule 3 EMRs

16. Where the applicant is a partnership, an unincorporated association or a body corporate, the applicant must satisfy us that any persons having a qualifying holding² in it are fit and proper persons, having regard to the need to ensure the sound and prudent conduct of the affairs of the small PI or small EMI.
17. The information we will require about qualifying holdings for application as a small PI and small EMI are the same as those for an authorised PI and authorised EMI (set out in Part I above). Small PIs will need to submit controller forms for persons with a qualifying holding.

Directors, managers and persons responsible for payment services - regulation 14(7) PSRs and regulation 13(8)(a) EMRs

18. The requirements for the directors, managers and persons responsible for the management or electronic money and/or payment services (as applicable) of the small PI or small EMI are the same as those for an authorised PI or authorised EMI. We will take the same approach to assessment of individuals as set out in Part I above.

Close links - regulation 14(8) PSRs and regulation 12(1) EMRs

19. For applicants that are bodies corporate the information we will require about 'close links' for applications as a small PI or small EMI are the same as those for an authorised PI (see Part I above).

¹ http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

² 'Qualifying holding' is defined by Regulation (EU) 575/2013 (Capital Requirements Regulation) as a direct or indirect holding in an undertaking which represents 10 % or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

Location of head office, registered office or place of residence - regulation 14(10) PSRs and regulation 13(9) EMRs

20. For applicants to be either a small PI or a small EMI, their head office, registered office or place of residence, as the case may be, must be in the UK.
21. Only body corporates (e.g. a limited company or LLP) can apply to become a small EMI.
22. The location of the head office, registered office or principal place of business is to be supplied as part of the contact details. This is not necessarily the firm's place of incorporation or the place where its business is wholly or mainly carried on. Although we will judge each application on a case-by-case basis, the key issue in identifying the head office of a firm is the location of its central management and control, that is, the location of:
 - (1) the directors and other senior management, who make decisions relating to the firm's central direction, and the material management decisions of the firm on a day-to-day basis; and
 - (2) the central administrative functions of the firm (for example, central compliance, internal audit).

For the purpose of regulation 14(10) PSRs and 13(9) EMRs, a 'virtual office' in the UK does not satisfy this condition. If the applicant to become a small PI is a natural person their place of residence must be in the UK.

Money Laundering Regulations - regulation 14(11) PSRs and regulation 13(6) EMRs

23. The applicant must comply with the registration requirements of the MLR, where those requirements apply to it (see 3.71-3.74 in Part I above for more on MLR registration requirements).
24. Applicants to become small PIs and small EMIs will need to provide a description of the anti-money laundering policies, procedures and controls in place.

Programme of operations

25. Applicants to become small PIs and small EMIs will need to provide a description of their main business and the payment services envisaged, including an explanation on how the activities and the operations fit into the list of payment services set out in Part 1 of Schedule 1 to the PSR. Some examples of the sorts of activities expected to fall within the scope of each are described in **Chapter 2 - Scope**, with further guidance in Chapter 15 of our Perimeter Guidance Manual (PERG).

Security incidents and customer complaints

26. For small PIs and small EMIs, the information required in the registration application includes details of how the applicant will comply with its obligation to report major operational or security incidents under regulation 99 PSRs and our Handbook.
27. Applicants will also need to describe the complaints procedures in place for customers which comply with regulation 101 PSRs for non-eligible complainants and our Dispute Resolution Sourcebook for eligible complainants.

Sensitive payment data

28. For small PIs and small EMIs, the application form requests a description of the applicant's process to file, monitor, track and restrict access to sensitive payment data.

Statistical data on performance, transactions and fraud

29. For small PIs and small EMIs, applicants are required to provide a description of the procedures they have in place for collecting statistical data on fraud (including the means of collecting collected). This should demonstrate how the applicant will ensure it can meet its obligations to report to the FCA (see **Chapter 13 – Reporting**).

Security policy

30. For small PIs and small EMIs, applicants must provide a description of the key IT systems in use which will support the provision of payment services, including off-the-shelf and bespoke packages. Applicants will also need to confirm whether they are already using these systems.
31. Applicants will need to provide a description of their security policy which must include a detailed risk assessment of the services to be provided, including risks of fraud and illegal use of sensitive and personal information and the mitigation measures to protect users from the risks identified. Applicants should also demonstrate how they will comply with their obligation under regulation 98(1) PSRs (management of operational and security risk).

Safeguarding

Small EMIs - regulation 13(7)(c) EMRs

32. To help protect customers' funds that have been received in exchange for e-money, a small EMI must implement one of two specified safeguarding measures. The two measures are:
 - immediately segregate the relevant funds received and, when held at the end of the business day following the day on which they were received, place them in an account with an authorised credit institution or in assets held by an authorised custodian; or
 - arrange for the relevant funds to be covered by an insurance policy or by a comparable guarantee from a UK or EEA authorised insurer, bank or building society.
33. The information applicants will need to provide about safeguarding of funds that have been received in exchange for e-money are the same as those for an authorised EMI (please refer to the information on safeguarding for authorised EMIs in Part I above).
34. Small EMIs that provide unrelated payment services may choose to safeguard funds received for the execution of payment transactions that are not related to the issuance of e-money. Where they choose to comply, the requirements are the same as those for an authorised EMI or authorised PI (please refer to the information on safeguarding for authorised EMIs in Part I above).

Small PIs

35. Small PIs can choose to comply with safeguarding requirements in order to offer the same protections over customer funds as authorised PIs must provide. Where they choose to comply, the requirements are the same as those for an authorised PI (please refer to the information on safeguarding for authorised PIs in Part I above).
36. There is more information on safeguarding in **Chapter 10 - Safeguarding**, including guidance on what we would expect to see by way of organisational arrangements.

Information to be provided and conditions of registration - small EMIs only

37. There are conditions of registration set out in regulation 13 EMRs which must be met by small EMIs but do not apply to small PIs. Below we set out information we will only request from applicants to become small EMIs.

Value of outstanding electronic money - regulation 13(3) EMRs

38. To register as a small EMI, the applicant's total business activities must not be projected to generate average outstanding e-money that exceeds €5m.³
39. Where an applicant to become a small EMI provides payment services that are not related to the issuing of e-money or carries out other business activities and the amount of outstanding e-money is unknown in advance, the applicant may make an assessment of average outstanding e-money for the purposes of the registration condition in regulation 13(3). This should be done on the basis of a representative proportion assumed to be used for issuing e-money, provided that the representative proportion can be reasonably estimated on the basis of historical data and to our satisfaction.
40. Where an applicant to become a small EMI has not completed a sufficiently long period of business to compile historical data adequate to make that assessment, the applicant must make the assessment on the basis of projected outstanding e-money as evidenced by its business plan, subject to any adjustments to that plan required by us. These principles apply equally to a small EMI in relation to their unrelated payment transactions for the purposes of regulation 13(4).
41. Applicants will need to take account of changes in exchange rates where they carry out transactions in different currencies. In our view it would be reasonable for firms to use the Commission's monthly accounting rate (on the InforEuro website) to calculate turnover in euro for a particular calendar month.⁴

Business plan – regulation 13(7)(b) EMRs

42. The business plan has to explain how the applicant intends to carry out its business. It should provide enough detail to show that the proposal has been carefully thought out and that the adequacy of financial and non-financial resources has been considered.
43. The plan must include a forecast budget for the first three financial years. The budget has to demonstrate that the applicant is able to employ appropriate and proportionate systems, resources and procedures to operate soundly, and that it will be able to continue to meet the initial capital requirements and the ongoing capital (own funds) requirement, if applicable.
44. The business plan should also include, but not be limited to, the following:
- background to the application;
 - a description of the e-money issuance and payment services business (this should include a step-by-step description from start to end of how the e-money will be issued by the applicant and redeemed by the customer);
 - sources of funding;
 - target markets; and
 - a marketing plan.

³ Average outstanding e-money is defined as the average total amount of financial liabilities related to e-money in issue at the end of each calendar day over the preceding six calendar months, calculated on the first calendar day of each calendar month and applied for that calendar month (regulation 2 of the EMRs).

⁴ http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

45. As small EMIs are inherently reliant on IT systems to ensure they operate soundly, we intend to assess IT systems during the approval process. Applicants must satisfy us that their overall IT strategy is proportionate to the nature, scale and complexity of the business and is sufficiently robust to facilitate, on an ongoing basis, their compliance with the conditions of registration.
46. If the applicant intends to provide unrelated payment services then a separate business plan for these, covering the information required above, should also be submitted.

Initial capital - regulation 13(5) EMRs

47. By the time of registration, the applicant must provide evidence that it holds initial capital at the level required by Part 1 of Schedule 2 to the EMRs. The level of initial capital required varies according to the average value of outstanding e-money:
 - where the business activities of an applicant generate average outstanding e-money of €500,000 or more, the capital requirement is at least equal to 2% of the average outstanding e-money of the institution; and
 - where the business activities of an applicant generate average outstanding e-money of less than €500,000, there is no capital requirement.
48. Where an applicant to become a small EMI has not completed a sufficiently long period of business to compile historical data adequate to make that assessment, the applicant must make the assessment on the basis of projected outstanding e-money as evidenced by its business plan, subject to any adjustments to that plan required by us.
49. The evidence that should be provided will depend on the type of business and its source of funding. For example, if an applicant is a limited company and using paid-up share capital, we would expect to see a copy of the SH01 form submitted to Companies House and a bank statement, in the business name, showing the monies being paid in. If an applicant has already been trading and has sufficient reserves to meet the initial capital requirement, then a copy of the last year-end accounts may be sufficient (or interim accounts if appropriate). Businesses may wish to capitalise nearer to the time of registration, so this evidence can be provided at a later date but will be required before registration is granted. For an application to be complete we must be satisfied that the initial capital will be in place immediately before registration.
50. Small EMIs that are required by the EMRs to hold initial capital are also required to maintain adequate own funds on an ongoing basis, by reference to paragraph 14 of Schedule 2 to the EMRs. See **Chapter 9 – Capital resources and requirements** for more information.

Governance arrangements and risk management controls – regulation 13(6) EMRs

51. Applicants to become a small EMI are required to provide descriptions of the governance arrangements and risk management procedures they will use when issuing e-money and providing payment services. We will assess whether the arrangements, controls and procedures are appropriate, sound and adequate, taking into account a number of factors, such as the:
 - types of payment services and e-money envisaged;
 - nature, scale and complexity of the business;
 - diversity of its operations, including geographical diversity;
 - volume and size of its transactions; and
 - degree of risk associated with each area of its operations.

Governance arrangements

52. Governance arrangements are the procedures used in the decision-making and control of the business that provide its structure, direction and accountability.
53. The description of the governance arrangements must include a clear organisational structure with well-defined, transparent and consistent lines of responsibility (regulation 13(6)(a) EMRs). If applicable, this should cover the unrelated payment services business as well as the e-money business. We would also expect to receive information on:
- decision-making procedures;
 - accounting procedures for monitoring that the average outstanding e-money and payment services transactions do not exceed the thresholds for authorisation (see paragraphs 11 and 38)
 - reporting lines;
 - internal reporting and communication processes;
 - the arrangements for regular monitoring of internal controls and procedures; and
 - measures that would be taken to address any deficiencies.

Risk management

54. The description of the risk management procedures provided in the application should show how the business will effectively identify, manage, monitor and report any risks to which the applicant might be exposed (regulation 13(6)(b) EMRs). Such risks may include risks in relation to both the e-money business and any payment services business:
- settlement risk (settlement of a payment transaction does not take place as expected);
 - operational risk (loss from inadequate or failed internal processes, people or systems);
 - counterparty risk (that the other party to a transaction does not fulfil its obligations);
 - liquidity risk (inadequate cash flow to meet financial obligations);
 - market risk (risk resulting from movement in market prices);
 - financial crime risk (the risk that the EMI or its services might be used for a purpose connected with financial crime); and
 - foreign exchange risk (fluctuation in exchange rates).
55. Depending on the nature and scale of the business and any payment services being provided, it may be appropriate for the small EMI to operate an independent risk management function. Where this is not appropriate, the small EMI should nevertheless be able to demonstrate that the risk management policies and procedures it will adopt are effective.

[Part III: Becoming a RAISP, Part IV: Decision-making process, and Part V: Transitional provisions (regulations 151 to 153 PSRs, regulation 78A EMRs) were consulted on as part of CP17/11]

9. Capital resources and requirements

Guidance on capital requirements for authorised PIs and capital requirements for authorised EMIs and small EMIs has been consulted on as part of CP 17/11. The additions below will be incorporated in the final version of the revised Approach Document as a new section under 9.52 in the capital resources and requirements chapter.

Capital resources for authorised PIs, authorised EMIs, and small EMIs

Meeting initial capital requirements

1. Schedule 3 Part 1(1) of the PSRs set out the items that can be used to meet initial capital requirements. It states that one or more of the items specified in Article 26(1)(a) to (e) of the CRR can be used. These items are:
 - Capital instruments (e.g. ordinary shares)
 - Share premium accounts
 - Retained earnings
 - Other comprehensive income
 - Other reserves
2. An authorised PI, authorised EMI, or small EMI must not include in its capital calculations any item also included in the capital calculations of another authorised PI, EMI, credit institution, investment firm, asset management company or insurance undertaking within the same group. Also, where an authorised PI, authorised EMI or small EMIs carries out activities other than providing payment services, it must not include in its capital calculation items used in carrying out the other activities.

Own funds to meet ongoing capital requirements

3. The ongoing capital requirement is to be met by the authorised PI, authorised EMI, or small EMI's capital resources, which is formed of own funds. The ongoing capital held must not fall below the level of the initial capital requirement for the services provided.
4. Regulation 2 of the PSRs sets out that own funds has the definition given in the CRR Article 4(1)(118). Own funds consist of Tier 1 and Tier 2 items. Tier 1 is formed of Common Equity Tier 1 and Additional Tier 1. At least 75% of Tier 1 capital must be held as Common Equity Tier 1 capital and Tier 2 capital must be equal to or less than one third of Tier 1 capital.
5. The process below shows how own funds can be calculated. We only include the relevant parts of the CRR that apply to authorised PIs, authorised EMIs, or small EMIs. We exclude those elements of the CRR that only apply to banks (for example those relating to IRB models). The flow chart should be used in tandem with the CRR and does not replace the CRR.

Figure 1 – overview of own funds

Elements of Own Funds

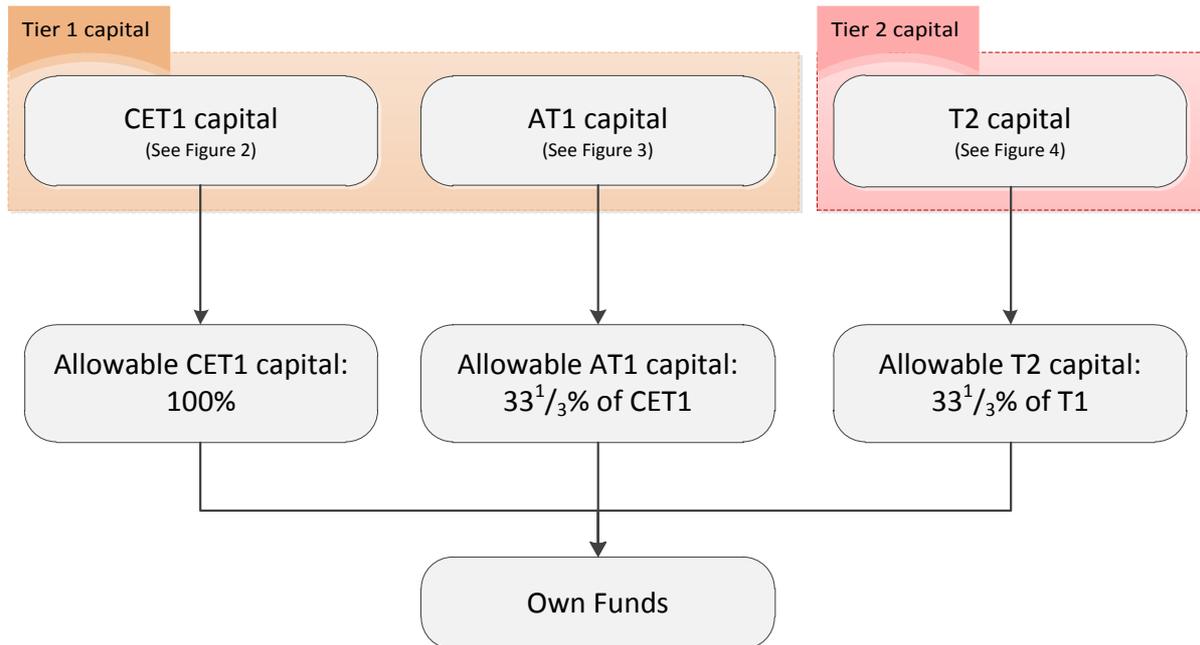


Figure 2 – Common Equity Tier 1 (CET1) capital

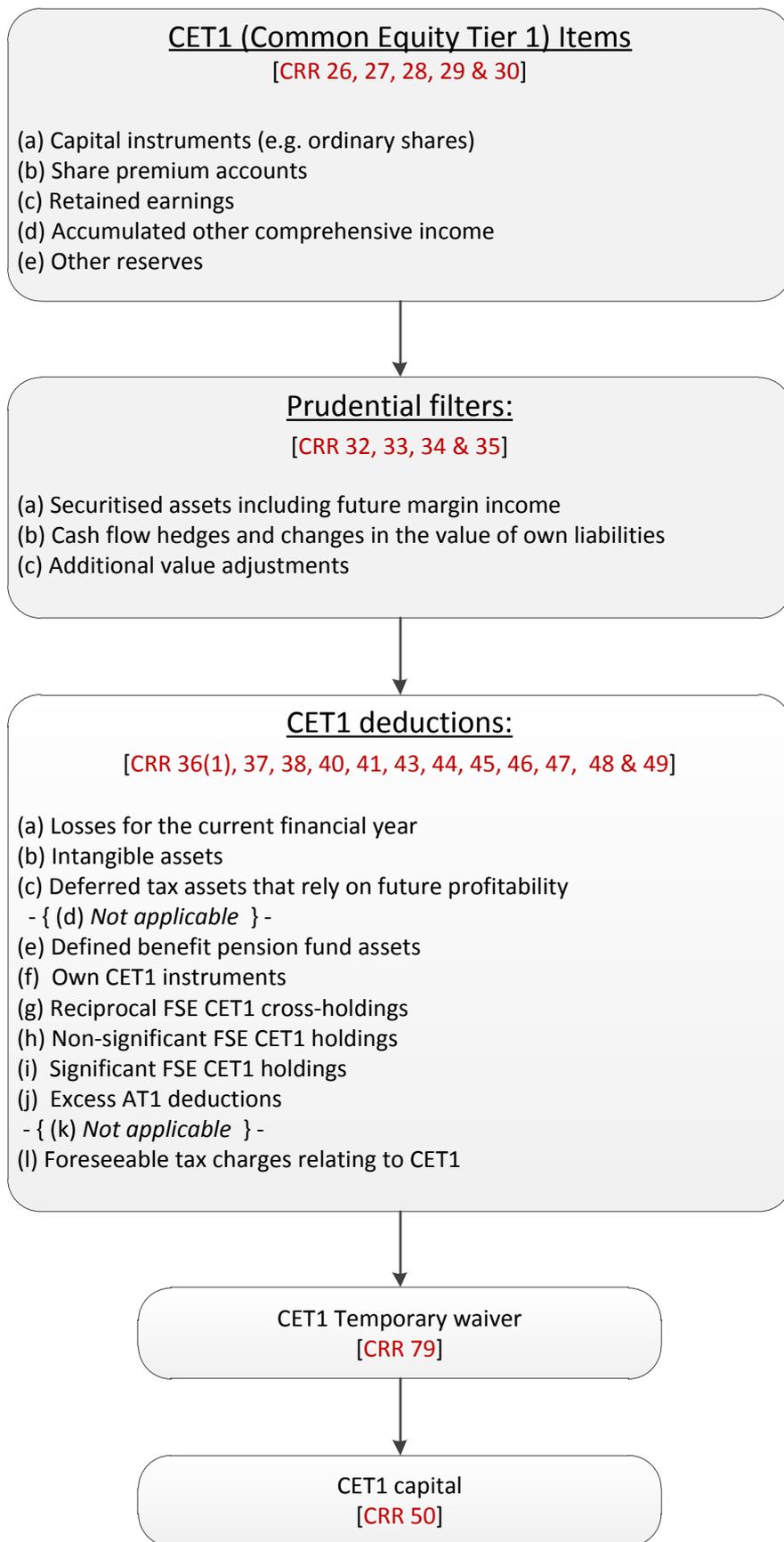


Figure 3 – Additional Tier 1 capital

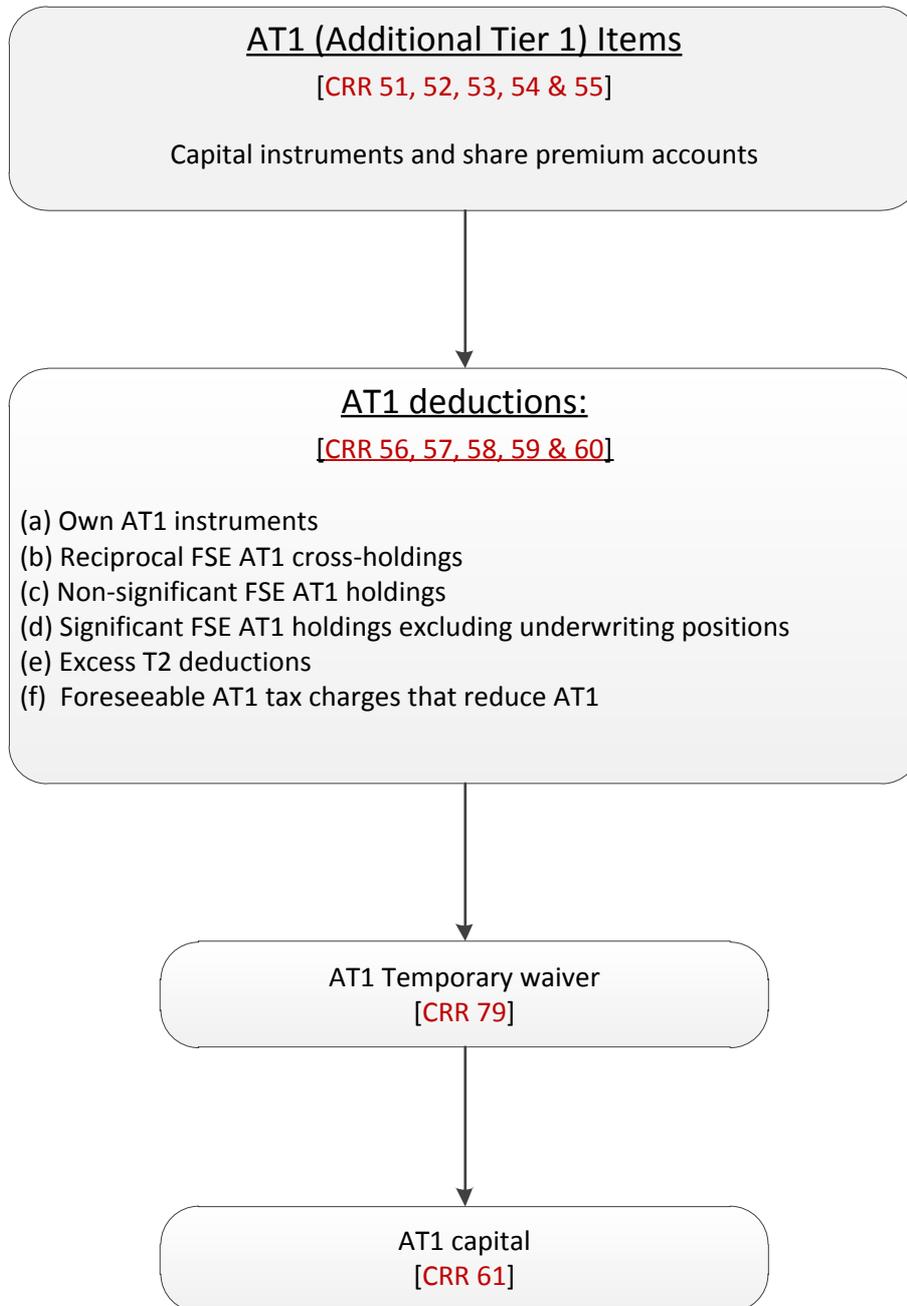
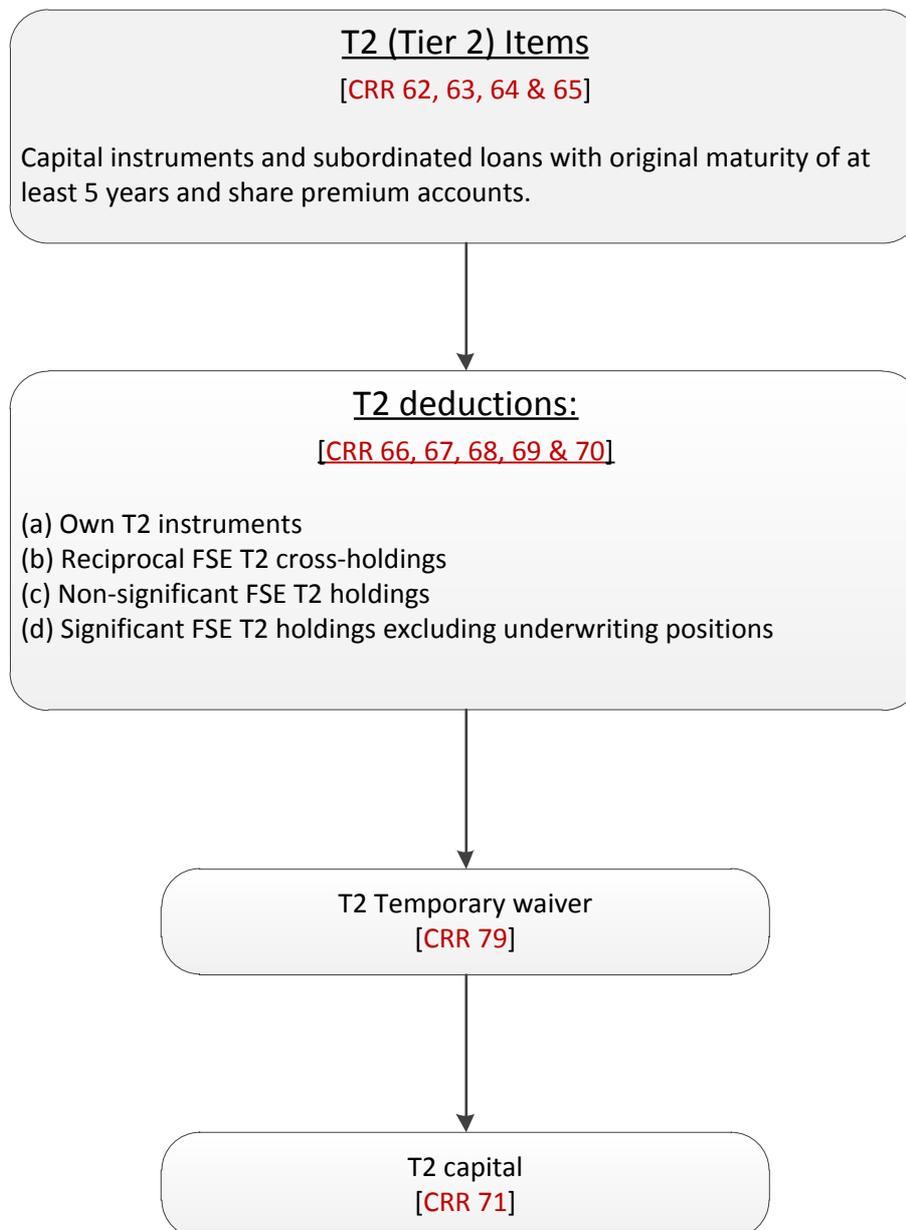


Figure 4 – Tier 2 capital



13. Reporting and notifications

We have already consulted on revised Approach Document text for a number of reports and notifications that must be submitted by PSPs in CP17/11. The additional table below will be incorporated in the final version of the revised Approach Document under 13.9 in the reporting and notifications chapter.

Notification required – Notification of major operational or security incidents – PSD2

Required to notify: All PSPs

When to notify: The initial notification should be submitted to us within the first 2 hours from the moment the incident was detected. If our reporting channels are known not to be available or operated at that time, the notification should be submitted as soon as they become available and operational again. Where the major operational or security incident occurs inside the hours of operation of the notification channel but the notification would be due outside of those hours we would expect best efforts to be made to submit the notification before the end of operating hours. Notifications should be submitted via Connect.

In most cases, Connect will not be operated outside of the FCA’s standard business hours. Therefore, unless we have informed you that you must submit initial notifications within the first 2 hours as specified above at all times, notification of a major incident outside of those hours should be submitted as soon as the channel is operational again.

An intermediate report should be submitted, using the same method, every time there is a relevant status update. As a minimum it should be submitted by the date indicated in the previous report (either the initial report or the previous intermediate report).

A final report must be submitted when the root cause analysis has taken place (regardless of whether mitigation measures have already been implemented or the final root cause has been identified) and there are actual figures available to replace any earlier estimates.

For the purposes of the notification of major operational or security incidents the hours of operation of the notification channel are Monday to Friday 9am-5pm [these times are under consideration].

Method of submission: Connect

Handbook references: SUP 15.14.16 to 15.14.22

Content and purpose

This notification is required under Regulation 99 of the PSRs 2017. The notification must include the information set out in the template form cited in SUP 15 Annex 11D and must be in writing.

Requiring PSPs to notify us of major operational or security incidents helps us discharge our supervisory functions by providing us with information on the most serious

operational and security incidents.

Process

Notification of major operational or security incidents – PSD2 is available at SUP 15 Annex 11D.

Businesses should follow the instructions on the [Connect online system](#) to submit their notifications electronically

