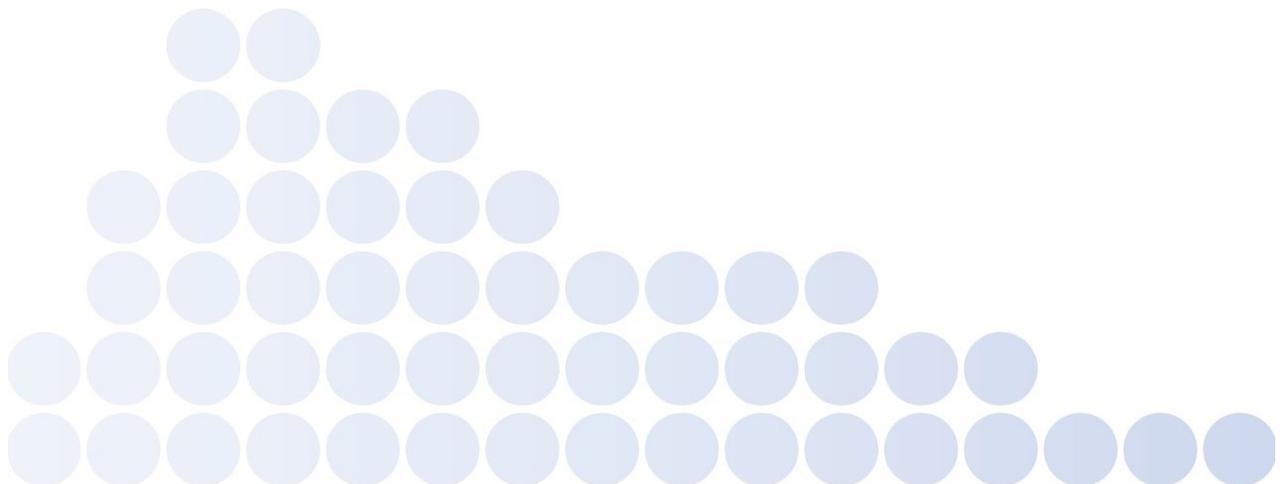




The Gibraltar Financial Services Commission

Authorisations Process

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Introduction

The GFSC is committed to delivering a streamlined authorisation process which is consistent, fair and efficient and which supports speed to market for the industry whilst, at the same time, providing confidence that key risks are identified and mitigated in order to protect the public.

To help new entrants, the GFSC has developed a series of documents to support them through the authorisation process. This document can be read in conjunction with the [Application Journey Flow Chart](#) which provides further information on the GFSC's 4 stage application process.

Our Commitments and Expectations

The GFSC provides support at all stages of the application process. The GFSC is committed to:

- **Being approachable** - we welcome face to face meetings and dialogue throughout the application process and welcome any questions that applicants may have at any point;
- **Facilitating innovation** - we welcome innovative proposals. We have a dedicated Innovation team to provide help and support to potential applicants in the early stages of developing new business models;
- **Speed to market** - we aim to deal with applications swiftly and safely. We work closely with applicants operating within commercial timeframes to help them achieve their objectives.
- **Encouraging businesses that add to the good reputation of Gibraltar** - we are committed to promoting good business. We undertake significant work to help and support businesses that add to Gibraltar's reputation as a global financial services hub.
- **Pragmatism** - we are an outcomes focused regulator and we take a risk-based approach to all applications. We always look to achieve fair and efficient outcomes for applicants to help reduce excessive or unnecessary barriers to entry.

Our ability to deliver against these commitments is significantly helped when applicants engage with us openly and collaboratively. We encourage applicants to:

- **Develop complete and well researched applications** - we ask that applicants ensure that their applications are complete and that they include the right level of information and analysis.
- **Respond promptly and cooperate** - we ask that applicants engage with the GFSC's requests for information in a complete and timely manner.
- **Make specific applications** - we ask applicants to identify the specific aspects of their businesses and associated risks rather than simply providing generic minimum statutory and regulatory information.
- **Communicate positively** - where applicants make use of advisors we ask that the advisory arrangements encourage and help facilitate communication between the GFSC and key individuals involved in the application.
- **Be open and transparent** - we ask that applicants take care to ensure that they do not knowingly or recklessly provide false or incomplete information or fail to disclose material information.

- **Treat GFSC staff with respect** - we treat all applicants with respect and courtesy and we ask that applicants are courteous and professional in their dealings with us and show respect for the GFSC and its processes.

Approach

The GFSC takes a risk based approach to all aspects of the authorisation process and we ask that applicants take time to consider key risks before submitting an application. It is helpful to the GFSC and to applicants if they familiarise themselves with the GFSC's risk based approach with particular reference to the following documents:

- The [Risk Governance Framework](#);
- The [Risk Outlook](#);
- The [Risk Appetite Statements](#).

When an application is received, we will assess the key risks based upon the information provided and will look to advise applicants on whether there are sufficient controls set out to manage those risks. We ask that applicants ensure that they are in a position to provide clear details of any key risks and the steps that will be put in place to mitigate them before they submit their application.

When we do identify key risks we need to be satisfied that the applicant understands the risk and has appropriate controls in place such as, for example, financial resourcing, contingency planning or succession planning.

We welcome innovative proposals. Some innovation may, however, carry increased risk. It is not the GFSC's role to prevent businesses from failing, however we will work with applicants to seek assurance that they have tested their business model thoroughly to reduce this risk. We also ask applicants to consider the implications for consumers should the business experience financial difficulty, and ensure that they have adequate systems and controls in place to ensure minimal impact to consumer and the reputation of Gibraltar.

Pre-application Approach

Before an applicant begins the application process we recommend that they contact the [Authorisations team](#) in the first instance for assistance.

To help us process applications expeditiously, there are a number of pre-application steps that we ask all applicants to complete. The first pre-application steps focus on the applicant's assessment of relevant business considerations. Some of the questions that we find it helpful for applicants to consider include:

- **Business plan** - how will the business make money? What is the impact of the legal and regulatory requirements? This should be specifically produced for the application pack and should not be based upon pre-existing commercial business plans.
- **Corporate Governance** - who will form senior management and the Board? How will this operate in practice? How will any group level policies be applied to the applicant's business?
- **Financial resources** - are the financial projections realistic? How is the application funded during application stage and during non-profit making periods?
- **Operations** - what will be done at the Head Office in Gibraltar? Will there be any outsourcing? If so, how will this be managed on a day to day basis?

- **Processes and controls** - what processes and controls will apply over the key business cycles of the entity? Who will apply these? How will these safeguard customer funds/money and interests as well as the accuracy of data reported?
- **Systems** - what systems will the business use? What IT controls will be applied? What business continuity plans will be in place?
- **Due diligence** - what due diligence has been performed on outsourced service providers, custodians and/or data to be provided as part of the application?

The GFSC is happy to talk through any of these questions with applicants before they make their application.

When an applicant is able to demonstrate how the relevant business considerations will be addressed they will then be in a position to submit their application. We ask that a pre-application meeting is arranged before the application is submitted. It is helpful if applicants arrive at this meeting prepared to cover their business' key risks and relevant business considerations to help ensure that meaningful and productive discussions can take place.

It is also helpful for applicants to familiarise themselves with the [Application Journey Flow Chart](#) which sets out details of the GFSC's 4 stage application process.

Making an Application

The Authorisations team will agree with the applicant an appropriate point at which the completed application pack can be submitted and stage 1 of the application process will begin.

To help us process applications expeditiously, we ask that applicants submit comprehensive and well put together application packs. We will work with all applicants at the pre-application stage to provide guidance on the documents that are required to be submitted as part of their specific application. We would generally expect to receive some of the following documents as part of an application pack:

- **Completed application forms** - we ask that applicants complete the requisite application form(s) for their specific licence type(s). We also ask that any documents referred to in the application are clearly referenced to help us process the application swiftly;
- **Individual Questionnaires (IQs) and Body Corporate Questionnaires (BCQs) and/or Notification Documents** - we ask that applicants complete IQs, BCQs and/or Notification Documents for all individuals and bodies corporate that are proposed in senior roles or as controllers;
- **Corporate structure** - we ask that applicants provide details of the corporate structure, showing all ownership up to and including the ultimate beneficial owner of the business together with any voting right, and all management roles;
- **Governance structure** - we ask that applicants provide a governance structure outlining relevant roles and reporting lines;
- **Financial information** - we ask that applicants provide detailed financial information demonstrating how any minimal financial and capital requirements will be met both initially and ongoing basis.

Each licence type also has its own individual regulatory requirements and statutory criteria that need to be met. We ask that applicants identify and address any sector specific requirements as part of their application.

We will contact the applicant in the first instance to let them know whether the application pack appears to be complete or whether any aspects of the application have been omitted or completed incorrectly. If an applicant does not answer all the relevant questions or provide all the relevant information, the application may be returned and may not be processed until a properly completed version is submitted.

If the application is eligible and complete, during stages 2 and 3 we will assess the risks associated with the application. We will determine how to conduct the application based on our assessment of the risks and we will also identify and request any additional information required as part of this assessment.

At stage 4, a formal decision will be made and communicated to the applicant in line with the process set out within the Decision Making section of this document.

Regulatory Tools

The GFSC uses a number of regulatory tools throughout the authorisation process. These will be individually assessed and tailored for each application and will vary from one application to another. They include:

Interviews:

To help us in assessing the fitness and propriety of role holders or interest holders we may conduct interviews with individuals who are proposed in senior roles or are proposed as material interest holders. We will undertake interviews either as part of a new application or where an existing licensee wishes to change their existing role holders or interest holders.

When conducting interviews we will ask a number of behavioural competency based questions that incorporate key elements of the GFSC's Fitness and Propriety Criteria. The information obtained during the interview will be used to help the GFSC build up a picture of whether that individual meets the GFSC's fitness and propriety requirements and whether they are suitable to be a senior role holder or controller.

Conditions:

Conditions are a protective measure the GFSC can use to mitigate key risks.

The GFSC imposes conditions as a regulatory tool for both the authorisation and supervisory process to address specific risks that have been identified during the application process, and to minimise any potential impact to consumers or to the reputation of Gibraltar.

Onsite visits:

Much of the GFSC's application assessment process is desk based, however in some instances there are risks that are better assessed by visiting the offices of the applicant. Factors that may lead us to use onsite visits as part of its assessment process include (but are not limited to):

- The amount of documents and materials to review;
- The need to look at IT infrastructures or software systems;

- The need to observe how systems and procedures will work in practice;
- The sensitivity or complexity of the systems and controls.

After an onsite visit has been completed, information on what the GFSC found will be used as part of the application assessment process.

Decision Making

To ensure that the GFSC delivers consistent, fair and efficient decision making, we will only make decisions based upon the information we hold and the information provided by applicants during the application process.

Once we have completed our assessment of this information a report will be compiled for the decision maker. This process may include the consideration of the report at one of the GFSC's internal panels or committees. The report will summarise the application's key risks and information and it will make a formal recommendation to the decision maker. This recommendation will generally fall within one of the following 3 categories:

- Approval without conditions;
- Approval with conditions;
- Refusal.

Where the decision maker has confirmed that they are minded to approve an application (with or without conditions) we will contact the applicant to inform them of the recommendation. This contact will usually take the form of an "in-principle decision" letter, which sets out the final requirements and any formal conditions that the applicant will need to comply with prior to the licence or letter of authorisation being issued. Once we are satisfied that all of the conditions set out in the in-principle decision letter have been complied with a final decision will be made as to whether to issue a licence.

Where the GFSC is minded to refuse the application, the GFSC will contact the applicant to inform them of the recommendation. Applicants can then make representations in response to this recommendation as part of the appeals process. Following any representations from the applicant, the GFSC can either rescind the recommendation to refuse or enter a final decision to refuse.

Where a final decision to refuse is entered, the decision will be kept on record and the applicant will be required to disclose the decision as part of any future application made to either the GFSC or the majority of other regulators. The GFSC will always look to exercise discretion in eligible cases to give applicants the opportunity to withdraw their application before a formal recommendation for refusal is made.

The GFSC is committed to increasing accessibility and maintaining positive relationships with its stakeholders. We welcome the opportunity to provide guidance and assistance to all applicants on any aspect of this document and on all relevant aspects of the application processes. Questions relating to any of these topics can be directed to the [Authorisations team](#).

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