

MiFID authorisation guidance issued by CBI

May 2024

In a welcome development for firms considering MiFID authorisation in Ireland, on 1 May 2024 the Central Bank of Ireland (the **CBI**) published detailed guidance notes setting out its expectations of applicant firms during the various stages of the authorisation process. The publication of the guidance follows discussions with industry bodies and relevant stakeholders over the past 18 months.

The guidance is contained in three separate documents dealing with each of the key stages of the application process, namely (i) the Pre-Application stage comprising of a preliminary meeting with and presentation to the CBI; (ii) the Key Facts Document (**KFD**) stage; and (iii) the Formal Application stage.

The guidance documents and an updated Application Form are available on the ['Authorisation Process for MiFID Investment Firms'](#) page of the CBI's website.

Below we provide an overview of the CBI's expectations at

the different stages of the authorisation process. For more general information in relation to the establishment and authorisation of MiFID investment firms please see our Guide to Setting up a MiFID firm in Ireland.

Pre-Application Stage

The CBI offers prospective applicants the opportunity for early engagement by way of a preliminary meeting before commencing the application process. The guidance note is intended to assist applicant firms in evaluating their readiness to request a preliminary meeting.

Applicants are required to submit a presentation at least 15 working days in advance of the preliminary meeting. The presentation should be in slide-deck format not exceeding 30 slides covering an overview of the proposed ownership structure, the business model, the regulatory permissions sought, key products/services, target clients, internal governance, risk management, proposed resourcing





arrangements and, where applicable, background on the wider group.

The guidance note also includes template tables for applicants to map their proposed business activities to the MiFID investment services, activities and ancillary services for which authorisation is being sought.

Key Facts Document (KFD) stage

Following discussion of the applicant firm's proposal at the preliminary meeting, more detailed information is required to be submitted in the form of a KFD.

The new guidance note sets out the CBI's detailed expectations regarding the content of the KFD. It includes indicative charts and tables for the presentation of key information and is intended to provide a template for applicant firms in preparing their KFD.

The CBI will assess the contents of the KFD and typically provides the applicant with comments which are required to be addressed and incorporated in a revised KFD before the application is invited to proceed to Formal Application stage.

Formal Application stage

The updates to the Application Form cover certain requirements under the Investment Firms Regulation (IFR)¹ and the recently revised Client Asset Requirements (CAR)². Additionally, the applicant's financial projections for the second and third year of the firm's authorisation are required to be presented on a quarterly basis as opposed to an annual basis (the first year's projections are still required to be monthly).

The revised guidance note on the application form also includes updates to reflect the IFR and the CAR and includes a post authorisation section, which notably sets out the CBI's

expectation that firms demonstrate a "proven track record" before seeking to amend or expand its investment services.

Conclusion

The CBI guidance states that, where appropriate, applicant firms are strongly advised to seek professional advice from subject matter experts to assist in the authorisation process.

Our team have very recent experience of successful MiFID authorisation applications and we are currently assisting several clients with live applications, varying in size and business model, from more straightforward advisory/agency type businesses to complex multilateral trading facilities and technology-based investment service providers.

If you are considering applying for MiFID authorisation or if you would like to discuss any of the topics discussed in this publication, please contact the authors or your usual contact in Dillon Eustace.

¹ Regulation (EU) 2019/2033

² Part 6 of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 [S.I. no. 10 of 2023]

CONTACT US

Our Offices

Dublin

33 Sir John Rogerson's Quay
Dublin 2
Ireland
Tel: +353 1 667 0022

Cayman Islands

Landmark Square
West Bay Road, PO Box 775
Grand Cayman KY1-9006
Cayman Islands
Tel: +1 345 949 0022

New York

33 Irving Place
New York
NY 10003
United States
Tel: +1 646 770 6080

Tokyo

12th Floor,
Yurakucho Itocia Building
2-7-1 Yurakucho, Chiyoda-ku
Tokyo 100-0006,
Japan
Tel: +813 6860 4885

CONTACT POINTS

For more details on how we can help you, to request copies of most recent newsletters, briefings or articles, or simply to be included on our mailing list going forward, please contact any of the team members below.



Keith Waine
Partner | Dublin

E keith.waine@dilloneustace.ie
T + 353 1 667 0022



Caoimhe Costello
Solicitor | Dublin

E caoimhe.costello@dilloneustace.ie
T + 353 1 667 0022

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