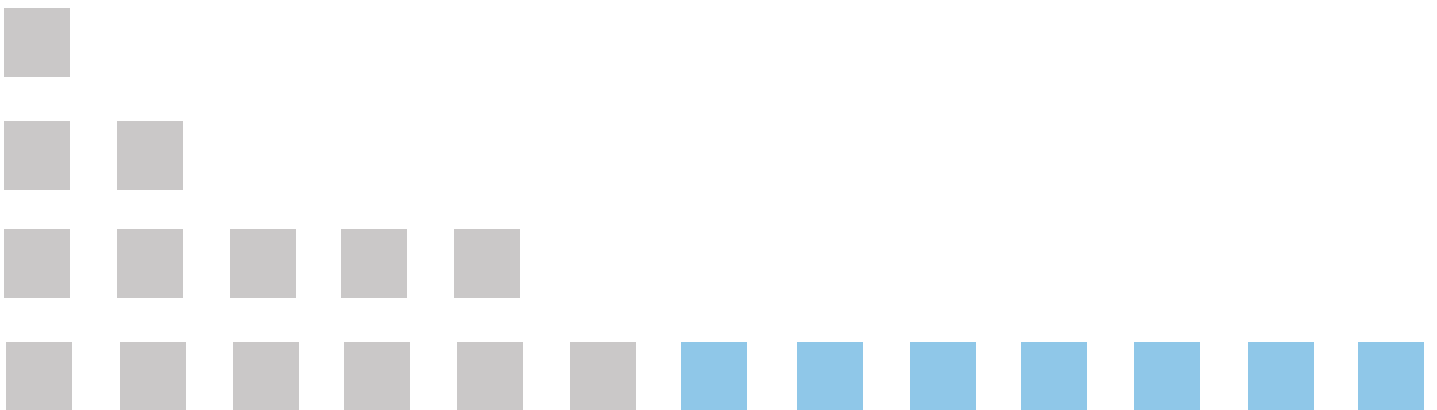


# Consultation Paper

## Staged Application for Authorisation Approach

August 2023



# Staged Application for Authorisation Approach

## Introduction

1. The purpose of this consultation paper is for the Gibraltar Financial Services Commission (“**GFSC**”) to set out its proposal for a more structured approach to the application for authorisation process for a permission<sup>1</sup> (the “**Consultation**”).
2. In doing so, we seek to enhance speed to market, deliver on expectations of our stakeholders and establish more structure around the timeframes of the authorisation process.
3. The overall aim of the Consultation is to establish a streamlined application for authorisation process, which is sector-specific, consistent, proportionate, efficient and of the highest regulatory standards.
4. Following the consultation of the [pre-application process](#) last year, the Consultation marks the second stage of our overall Authorisations review and provides for a more comprehensive revision of how we process and consider applications for authorisation.
5. As part of this comprehensive review, we wish to actively engage and collaborate with stakeholders and consult on the proposed enhancements to the application for authorisation process.

## The Consultation

6. Please provide your responses to the Consultation by **30<sup>th</sup> September 2023** to: [businessdelivery@fsc.gi](mailto:businessdelivery@fsc.gi).
7. At the end of the consultation period, the GFSC will consider the responses to the Consultation Paper and will publish a response paper.
8. This will set out comments received as well as our responses to those comments. These may be published in full on the GFSC’s website unless there are specific reasons not to do so or confidential information needs to be protected. Please note that a standard confidentiality statement in an email message will not be regarded as a request for non-disclosure.

## Staged Application for Authorisation Proposal

9. We are proposing to divide the application for authorisation process into three stages. In addition, a fourth “mobilisation” stage will be introduced for applications from the Banking, E-Money, Investments (Non-S-NIIs. Non-small and non-interconnected investment firms or Class 2 firms) (“**Investments Class 2**”) and Distributed Ledger Technology (“**DLT**”) sectors.
10. A firm submitting an application, (an “**Applicant Firm**”) would move through the stages sequentially, successfully completing one stage before the GFSC moves the application to the next stage.
11. The staged approach would allow for a risk-based approach to be applied and focus on the collation of critical core information to be submitted at an early stage. In taking a risk-based approach, the GFSC, whilst meeting its regulatory objectives, will ensure that speed to market underpins the whole process.

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<sup>1</sup> [Financial Services Act 2019](#) Part 7 permission to carry out regulated activities.

12. As such, the threshold conditions in the Financial Services Act 2019 and any sector-specific threshold conditions<sup>2</sup> (collectively referred to in this paper as “**Threshold Conditions**”), core business model, capital, key individuals, and key elements of the proposed operations of an application will be assessed first.
13. Once the GFSC is satisfied, it will then seek further information through the subsequent stages of the application process, to build-on the core information already provided, progressing towards submission of all relevant application documents.

## Current approach vs the proposed Authorisation Process

14. The below table sets out some of the key features of the current process the GFSC applies to applications for authorisation compared to what the proposed approach would look like.

	Current approach	Proposed approach
Documentation	The submission of the whole application with supporting documents at the point of submission of the Completed Application forms, examples of supporting documentation include: Regulated Individuals form; Controller Form; Governance Structure, Financial Information, Policies & Procedures.	Centred around a four-stage process, with specific documentation and information provided at each stage: <b>Stage 1</b> – Business Model, Capital, Key Individuals <b>Stage 2</b> – Risks framework, Financial Crime, Business Continuity, Corporate Governance, IT Systems) <b>Stage 3</b> – Non-Financial Resources, Compliance Structure, Conduct of business, KPIs, Consumer Duty, Operational Resilience) <b>Stage 4</b> – Mobilisation (Systems testing)

15. We want to work with Applicant Firms to move them through the first three stages of the proposed approach within a maximum period of 9 months for the Insurance, Banking, Investments Class 2, E-Money and DLT sectors and a maximum 6-month period for all other sectors.
16. The time taken to process an application will continue to be dependent on the quality and extent of information provided by the Applicant Firm, as well as the timeliness of its submission.
17. Further detail on the four stages, the information that would be requested and the assessment process are set out below.

## Stage 1 of Authorisation Process (Business Model, Capital & Key Individuals)

18. Following the pre-application stage, an Applicant Firm would commence Stage 1 of the authorisation process by submitting the following:
  - a. Application fee – please note that we are not proposing to amend the application fee structure. The [full application fee](#), as currently applicable, would be submitted at Stage 1.
  - b. Stage 1 documents – a non-exhaustive list of the information/documentation that would be required has been set out in Appendix A.
  - c. Any additional firm-specific documents and/or information required by the GFSC to complete Stage 1.

<sup>2</sup> As set out in schedule 12 of the Financial Service Act 2019 and sector- specific regulations.

19. On receipt of the Stage 1 documents, the GFSC would confirm the GFSC Supervisor who has been assigned to assess the application for authorisation. The GFSC would consider the documentation and information submitted and assess the viability of the proposed business. In doing so, the GFSC would also consider whether the Applicant Firm meets the Threshold Conditions, as well as any other requirements under the Financial Services Act 2019 and sector-specific regulations.
20. Stage 1 is expected to last the following maximum periods for each sector, subject to the quality of Stage 1 information submitted and timely responses from Applicant Firms:
  - a. Banking, Insurance, E-Money, Investments Class 2 and DLT sectors – **5 months**; and
  - b. All other sectors – **3 months**.
21. When the GFSC is satisfied with all the responses and information/documentation received from an Applicant Firm, the GFSC will inform the Applicant Firm that its application has moved to Stage 2.

### **Stage 2 of Authorisation Process (Risk Management, IT Systems, Corporate Governance & Financial Crime)**

22. Stage 2 of the authorisation process for all sectors (including Banking, Insurance, E-Money, Investments Class 2 and DLT) is expected to last a **maximum period of 2 months**, subject to the quality of the Stage 2 information/documentation submitted and timeliness of responses from Applicant Firms.
23. A non-exhaustive list of the information/documentation that would be required in Stage 2 has been set out in Appendix A.
24. When satisfied with all the further Stage 2 responses and information, an application will move to Stage 3 and the GFSC will then be willing to consider issuing a 'Minded to Authorise' letter to Applicant Firms, where required.

### **Stage 3 of Authorisation Process (Conduct of Business, Non-Financial Resources, Policies & Procedures)**

25. Stage 3 of the authorisation process is expected to last the following maximum periods for each sector, subject to the quality of the Stage 3 information/documentation submitted and timeliness of responses from Applicant Firms:
  - a. Banking, Insurance, E-Money, Investments Class 2 and DLT sectors – **2 months**; and
  - b. All other sectors – **1 month**.
26. A non-exhaustive list of the information/documentation that would be required in Stage 3 has been set out in Appendix A.
27. When the GFSC is satisfied with the Stage 3 responses and information, the application moves to a GFSC decision for authorisation. For those sectors where a mobilisation stage is required, authorisation will be subject to the requirement to complete the mobilisation stage to the satisfaction of the GFSC.
28. Prior to entering the Mobilisation Stage below, an Applicant Firm would submit a "Mobilisation Plan" setting out the actions and timeframes the Applicant Firm is working towards to become fully operational.

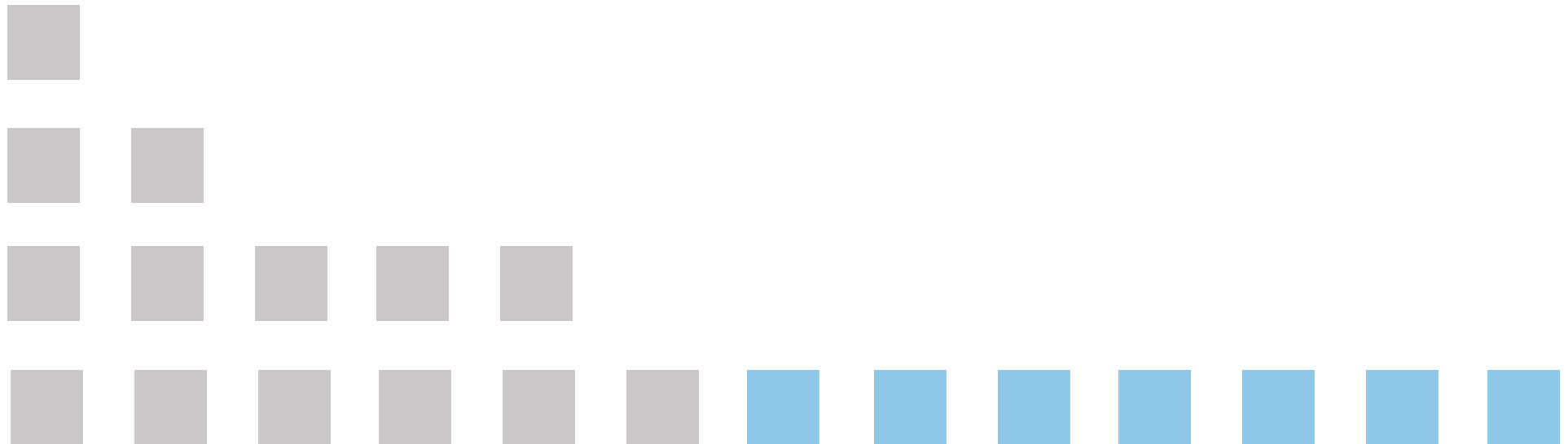
### **Stage 4 of Authorisation Process – Mobilisation (Systems Testing)**

29. Mobilisation is a stage entered into by Applicant Firms in E-Money, Banking, Investments Class 2 and DLT sectors for the purposes of enabling the GFSC to 'test' the firm's systems and controls. This route allows Applicant Firms to obtain a permission and operate within a controlled environment, allowing it time to develop its operational capability.

30. An Applicant Firm entering the mobilisation stage will generally not have fully developed operational capabilities but will have met the other Threshold Conditions. Therefore, a requirement will be placed on its activities due to the remaining required compliance in other areas. The level at which any restrictions placed on the amount of business that can be carried out by an Applicant Firm will be agreed between the GFSC and the Applicant Firm.
31. The timeframe for the mobilisation stage would vary on a case-by-case basis, however it is expected that this would normally **range from 3 – 6 months**.
32. During mobilisation, firms will usually be focused on actioning the following:
  - a. building and testing products, services and IT systems;
  - b. building out their infrastructure – building-out, testing and implementing systems and IT infrastructure; and finalise material outsourcing arrangements (as indicated during the application process);
  - c. recruitment – finalising senior management appointments and other staff recruitment and training;
  - d. risk and controls – completing the build-out of control functions such as Risk, Internal Audit and Compliance;
  - e. operationalise their policies and procedures – finalising their customer journey, including details of products, pricing, and on-boarding arrangements; and completing policies and procedures;
  - f. business continuity – finalising its Recovery Plan, Continuity Plan and Solvent Wind-down Plan; and
  - g. funding – fully capitalising the firm for when they exit mobilisation.
33. The GFSC will subsequently carry out an onsite visit to determine whether the firm has completed the action points (identified in the Mobilisation Plan) and on successful completion (of the action points), the mobilisation stage would come to an end. At this stage, the GFSC will require a confirmation from the firm’s board on the ability of the firm to assume full scale authorisation and trading without restrictions. Firms will then be provided with a Variation of Permission to remove the restriction requirements.
34. Being authorised during Mobilisation places a firm in a strong position to build its operations with confidence and raise capital by practically demonstrating a successful business model. A firm in mobilisation is conditionally authorised, allowing it the opportunity to gain access to payment systems and other providers with the ability to test them out before fully launching its products. It also provides firms with the additional time to build out its board, risk management framework and products.

# Appendix A

Overview of documentation required at each stage



General Description	STAGE 1	STAGE 2	STAGE 3	STAGE 4 (Mobilisation, if applicable)
	Core application information and documents submitted.	Updated and additional detail/information submitted by the Applicant Firm.	Final set of information/documents submitted. GFSC final assessment carried out.	“Mobilisation” Stage is a ‘testing’ of systems stage for Banking, Investments Class 2, E-Money & DLT sectors.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">General Information/Documents for all sectors other than Banking, Insurance, Investments Class 2, E-Money and DLT sectors.</p>	<ul style="list-style-type: none"> <li>● Payment of application fee.</li> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Core details (requesting specific legal/company information about the Applicant Firm);</li> <li>○ Comprehensive Business Plan - General – a checklist setting out a non-exhaustive list of the following areas expected to be covered by an Applicant Firm’s comprehensive business plan is available <a href="#">here</a> (“General CBP checklist”): <ul style="list-style-type: none"> <li>▪ Owners, Controllers, and Sources of Funding;</li> <li>▪ Key Function Holders, Regulated Individuals and Substance;</li> <li>▪ Group Supervision assessment (as applicable);</li> <li>▪ Related Party transactions;</li> <li>▪ Business Strategy and Model;</li> <li>▪ Financial Resources and Capital projections; and</li> <li>▪ Business Model Viability.</li> </ul> </li> </ul> </li> </ul> <p>(Note- the General CBP Checklist is not a ‘template’ business plan. An Applicant Firm’s business plan should be bespoke and tailored to the business of the Applicant Firm)</p> <ul style="list-style-type: none"> <li>○ Threshold Conditions self- assessment; and<sup>3</sup></li> <li>○ Completed and Signed Controller form(s).</li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Corporate Governance and Control;</li> <li>○ Business Continuity Management Plan;</li> <li>○ IT Systems;</li> <li>○ Operational &amp; Outsourcing Risk;</li> <li>○ Systems Controls/Risk Management; and</li> <li>○ Financial Crime (as applicable).</li> </ul> </li> <li>● Financial Crime controls, compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) requirements.</li> <li>● Full Risk Methodology and framework policy documents;</li> <li>● Risk Register &amp; Controls;</li> <li>● Disaster Recovery Plan; and</li> <li>● Updated Business Plan, if required.</li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Non-financial resources;</li> <li>○ Compliance structure;</li> <li>○ Conduct of Business (as applicable) (Full Conduct Risk Framework documents);</li> <li>○ Detail of KPIs;</li> <li>○ Consumer Duty compliance (as applicable);</li> <li>○ Operational Resilience compliance (as applicable);</li> </ul> </li> <li>● Policies and procedures and other key documents, including but not limited to: <ul style="list-style-type: none"> <li>○ Remuneration Policy;</li> <li>○ Conflict of Interest Policy;</li> <li>○ Conflict of Interest Register;</li> <li>○ Liquidity/Solvency policies;</li> <li>○ Internal Audit Plan;</li> <li>○ Complaints Handling Policy;</li> <li>○ Terms of Reference of the Board, Board sub-Committees, Risk Committee and/or Audit Committee, Underwriting/Pricing committees, as applicable;</li> <li>○ Audit, Accounting, and Banking arrangements;</li> <li>○ Professional Indemnity Insurance;</li> <li>○ Contracts with parties to whom material operational functions are outsourced;</li> <li>○ Mobilisation Plan (if applicable); and</li> <li>○ Completed and Signed Regulated Individual form(s) and NED form(s).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● GFSC Onsite visit (including testing of systems and controls and an IT review).</li> <li>● Applicant Firms will usually be focused on actioning the following: <ul style="list-style-type: none"> <li>○ Building and testing products or services and IT systems;</li> <li>○ building out its infrastructure;</li> <li>○ Finalising senior management appointments and other staff recruitment and training;</li> <li>○ completing the build-out of control functions such as Risk, Internal Audit and Compliance;</li> <li>○ operationalising its policies and procedures;</li> <li>○ finalising its Recovery Plan, Business Continuity Plan and Solvent Wind-down Plan; and</li> <li>○ fully capitalising the firm for when it exits mobilisation.</li> </ul> </li> <li>● GFSC Decision taken on whether Applicant Firm has completed Stage 4.</li> </ul>

<sup>3</sup> Refer to Financial Services Act 2019, Schedule 12 and sector specific regulations.

General Description	STAGE 1	STAGE 2	STAGE 3	STAGE 4 (Mobilisation, if applicable)
	Core application information and/or documents are submitted.	Updated and /or additional detail/information submitted by the Applicant Firm.	Final set of information and/or documents submitted. GFSC final assessment carried out.	“Mobilisation” Stage is a ‘testing’ of systems stage.
General Information/Documents for Banking sector	<ul style="list-style-type: none"> <li>• Payment of application fee.</li> <li>• Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>o Core details (requesting specific legal/company information about the Applicant Firm);</li> <li>o Comprehensive Business Plan – Credit Institutions – A checklist setting out a non-exhaustive list of the following areas expected to be covered by an Applicant Firm’s comprehensive business plan is available <a href="#">here</a> (“<b>Credit Institutions CBP Checklist</b>”): <ul style="list-style-type: none"> <li>▪ Owners, Controllers, and Sources of Funding;</li> <li>▪ Key Function Holders, Regulated Individuals and Substance;</li> <li>▪ Group Supervision assessment (as applicable);</li> <li>▪ Related Party transactions;</li> <li>▪ Business Strategy and Model;</li> <li>▪ Financial resources and Capital projections; and</li> <li>▪ Business Model Viability.</li> </ul> </li> </ul> </li> </ul> <p>(Note- the Credit Institutions CBP Checklist is not a ‘template’ business plan. An Applicant Firm’s business plan should be bespoke and tailored to the business of the Applicant Firm)</p> <ul style="list-style-type: none"> <li>o Threshold Conditions self- assessment<sup>4</sup>;</li> <li>o Completed and Signed Controller form(s); and</li> <li>o Programme of operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>o Corporate Governance and Control;</li> <li>o Business Continuity Management Plan;</li> <li>o IT Systems;</li> <li>o Operational &amp; Outsourcing Risk;</li> <li>o Systems Controls/Risk Management;</li> <li>o Financial Crime controls, compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) requirements.</li> <li>o Full Risk Methodology and framework policy documents;</li> <li>o Risk Register &amp; Controls;</li> <li>o Disaster Recovery Plan;</li> <li>o Internal Capital Adequacy Assessment Process (ICAAP);</li> <li>o Internal liquidity adequacy assessment process (ILAAP); and</li> <li>o Updated business plan, if required.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>o Non-financial resources;</li> <li>o Compliance structure;</li> <li>o Conduct of Business (as applicable) (Full Conduct Risk Framework documents);</li> <li>o Detail of KPIs;</li> <li>o Consumer Duty compliance (as applicable); and</li> <li>o Operational Resilience compliance (as applicable).</li> </ul> </li> <li>• Policies and procedures and other key documents, including but not limited to: <ul style="list-style-type: none"> <li>o Remuneration Policy;</li> <li>o ESG Policy;</li> <li>o Diversity Policy;</li> <li>o Conflict of Interest Policy;</li> <li>o Conflict of Interest Register;</li> <li>o Liquidity/solvency policies;</li> <li>o Internal Audit Plan;</li> <li>o Complaints Handling Policy;</li> <li>o Terms of Reference of the Board, Board sub-Committees, Risk Committee and/or Audit Committee, Underwriting/Pricing committees, as applicable;</li> <li>o Audit, accounting, and banking arrangements;</li> <li>o Professional Indemnity Insurance;</li> <li>o Outline of how the bank will identify connected exposures;</li> <li>o Credit and concentration risk policies;</li> <li>o Liquidity/solvency policies – including calculations of the liquidity coverage ratio (LCR) and details of how the bank will be meeting the phased LCR threshold amounts specified in CRD IV;</li> <li>o Training record/log &amp; content;</li> <li>o Product Governance Framework;</li> <li>o Vulnerable Customer Policy;</li> <li>o Contracts with parties to whom material operational functions are outsourced;</li> <li>o Mobilisation Plan (if applicable); and</li> <li>o Completed and Signed Regulated Individual form(s) and NED form(s).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• GFSC Onsite visit (including testing of systems and controls and an IT review).</li> <li>• Applicant Firms will usually be focused on actioning the following: <ul style="list-style-type: none"> <li>o Building and testing products or services and IT systems;</li> <li>o building out its infrastructure;</li> <li>o Finalising senior management appointments and other staff recruitment and training;</li> <li>o completing the build-out of control functions such as Risk, Internal Audit and Compliance;</li> <li>o operationalising its policies and procedures;</li> <li>o finalising its Recovery Plan, Business Continuity Plan and Solvent Wind-down Plan; and</li> <li>o fully capitalising the firm for when it exits mobilisation.</li> </ul> </li> <li>• GFSC Decision taken on whether Applicant Firm has completed Stage 4.</li> </ul>

<sup>4</sup> Refer to Financial Services Act 2019, Schedule 12 and sector specific regulations.



General Description	STAGE 1	STAGE 2	STAGE 3	STAGE 4 (Mobilisation, if applicable)
	Core application information and documents submitted	Updated and additional detail/information submitted by the Applicant Firm.	Final set of information/documents submitted. GFSC final assessment carried out	“Mobilisation” Stage is a ‘testing’ of systems stage.
General Information/Documents for DLT sector	<ul style="list-style-type: none"> <li>● Payment of application fee.</li> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Core details (requesting specific legal/company information about the Applicant Firm);</li> <li>○ Comprehensive Business Plan- DLT - A checklist setting out a non-exhaustive list of the following areas expected to be covered by an Applicant Firm’s comprehensive business plan is available <a href="#">here</a> (“DLT CBP Checklist”): <ul style="list-style-type: none"> <li>▪ Owners, Controllers, and Sources of Funding;</li> <li>▪ Key Function Holders, Regulated Individuals and Substance;</li> <li>▪ Group Supervision assessment (as applicable);</li> <li>▪ Related Party transactions;</li> <li>▪ Business Strategy and Model;</li> <li>▪ Financial Resources and Projections;</li> <li>▪ Details of firm’s proposed minimum regulatory capital calculation; and</li> <li>▪ Business Model Viability.</li> </ul> </li> </ul> </li> </ul> <p>(Note- the DLT CBP Checklist is not a ‘template’ business plan. An Applicant Firm’s business plan should be bespoke and tailored to the business of the Applicant Firm)</p> <ul style="list-style-type: none"> <li>○ Threshold Conditions.<sup>5</sup> &amp; DLT Regs Regulatory principles self- assessment;</li> <li>○ Completed and Signed Controller form(s);</li> <li>○ Source of wealth/funds for each shareholder with evidence to support it;</li> <li>○ Where products/services are shared across the Group, evidence that an independent; and transfer pricing exercise has been carried out.</li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Corporate Governance and Control;</li> <li>○ Business Continuity Management Plan;</li> <li>○ IT Systems;</li> <li>○ Operational &amp; Outsourcing Risk;</li> <li>○ Outsourcing register;</li> <li>○ Systems control/ Risk management;</li> <li>○ Financial Crime controls, compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) requirements;</li> <li>○ Full Risk Methodology and framework policy documents;</li> <li>○ Risk Register &amp; Controls;</li> <li>○ Disaster Recovery Plan; and</li> <li>○ Updated business plan, if required.</li> </ul> </li> <li>● Safeguarding of Customer Assets- Policies and procedures, including but not limited to: <ul style="list-style-type: none"> <li>○ private key management;</li> <li>○ details of distribution of client assets between hot and cold storage; and</li> <li>○ details of any third parties and the risk assessment performed by the firm in choosing provider.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ The firms Terms and Conditions;</li> <li>○ The firms Risk Warning and/or Disclosure Statement;</li> <li>○ The proposed fee schedule;</li> <li>○ Detail of KPIs;</li> <li>○ Non-financial resources;</li> <li>○ Compliance structure;</li> <li>○ Conduct of Business (Full Conduct Risk Framework documents);</li> <li>○ Consumer Duty compliance (as applicable)); and</li> <li>○ Operational Resilience compliance (as applicable).</li> </ul> </li> <li>● Policies and procedures and other key documents, including but not limited to: <ul style="list-style-type: none"> <li>○ Remuneration Policy;</li> <li>○ Conflict of Interest Policy;</li> <li>○ Conflict of Interest Register;</li> <li>○ Liquidity/solvency policies;</li> <li>○ Internal Audit Plan;</li> <li>○ Complaints Handling Policy;</li> <li>○ Market Abuse/ Insider Trading Policies;</li> <li>○ Terms of Reference of the Board, Board sub-Committees, Risk Committee and/or Audit Committee, Underwriting/Pricing committees (as applicable);</li> <li>○ Audit, accounting, and banking arrangements;</li> <li>○ Professional Indemnity Insurance;</li> <li>○ Contracts with parties to whom material operational functions are outsourced;</li> <li>○ Mobilisation Plan (if applicable); and</li> <li>○ Completed and Signed Regulated Individual form(s) and NED form(s).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● GFSC Presentations - Live demonstrations covering: <ul style="list-style-type: none"> <li>○ Customer onboarding process – KYC system / customer and back-end view.</li> <li>○ Wallet screening.</li> <li>○ Transaction monitoring.</li> <li>○ Live demonstration of risk register – identification, logging, escalation and mitigation.</li> <li>○ Complaints handling – customer and back-office view.</li> <li>○ Demonstration of Custody arrangements.</li> <li>○ Overview of products and services – for example, for spot trading review the order book and matching engine / margin or leverage trading review the liquidation mechanisms and associated customer protective measures working in practice.</li> </ul> </li> <li>● Applicant Firms will usually be focused on actioning the following: <ul style="list-style-type: none"> <li>○ Building and testing products or services and IT systems.</li> <li>○ building out its infrastructure</li> <li>○ Finalising senior management appointments and other staff recruitment and training.</li> <li>○ completing the build-out of control functions such as Risk, Internal Audit and Compliance.</li> <li>○ operationalising its policies and procedures.</li> <li>○ finalising its Recovery Plan, Business Continuity Plan and Solvent Wind-down Plan.</li> <li>○ fully capitalising the firm for when it exits mobilisation.</li> </ul> </li> <li>● GFSC Decision taken on whether Applicant Firm has completed Stage 4.</li> </ul>

<sup>5</sup> Refer to Financial Services Act 2019, Schedule 12, and sector specific regulations.

General Description	STAGE 1	STAGE 2	STAGE 3	STAGE 4 (Mobilisation, if applicable)
	Core application information and documents submitted	Updated and additional detail/information submitted by the Applicant Firm	Final set of information/documents submitted. GFSC final assessment carried out	"Mobilisation" Stage is a 'testing' of systems stage.
General Information/Documents for Electronic Money sector	<ul style="list-style-type: none"> <li>● Payment of application fee.</li> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Core details (requesting specific legal/company information about the Applicant Firm);</li> <li>○ Comprehensive Business Plan- E-Money - A checklist setting out a non-exhaustive list of the following areas expected to be covered by an Applicant Firm's comprehensive business plan is available <a href="#">here</a> ("E-Money CBP Checklist"): <ul style="list-style-type: none"> <li>▪ Owners, Controllers, and Sources of Funding;</li> <li>▪ Key Function Holders, Regulated Individuals and Substance;</li> <li>▪ Group Supervision assessment (if applicable);</li> <li>▪ Related Party transactions;</li> <li>▪ Business Strategy and Model;</li> <li>▪ Financial Resources and projections; and</li> <li>▪ Business Model Viability.</li> </ul> </li> </ul> </li> </ul> <p>(Note- the E-Money CBP Checklist is not a 'template' business plan. An Applicant Firm's business plan should be bespoke and tailored to the business of the Applicant Firm)</p> <ul style="list-style-type: none"> <li>○ Threshold Conditions self-assessment<sup>6</sup>; and</li> <li>○ Completed and Signed Controller form(s).</li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Corporate Governance and Control;</li> <li>○ Business Continuity Management Plan;</li> <li>○ IT Systems;</li> <li>○ Operational &amp; Outsourcing Risk</li> <li>○ Systems controls/Risk management;</li> <li>○ Financial Crime controls, compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) requirements;</li> <li>○ Full Risk Methodology and framework policy documents;</li> <li>○ Risk Register &amp; Controls;</li> <li>○ Disaster Recovery Plan; and</li> <li>○ Updated business plan, if required.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Non-financial resources;</li> <li>○ Compliance structure;</li> <li>○ Conduct of Business (Full Conduct Risk Framework documents);</li> <li>○ Detail of KPIs;</li> <li>○ Consumer Duty compliance (as applicable); and</li> <li>○ Operational Resilience compliance (as applicable).</li> </ul> </li> <li>● Policies and procedures and other key documents, including but not limited to: <ul style="list-style-type: none"> <li>○ Remuneration Policy;</li> <li>○ Conflict of Interest Policy;</li> <li>○ Conflict of Interest Register;</li> <li>○ Liquidity/solvency policies;</li> <li>○ Internal Audit Plan;</li> <li>○ Complaints Handling Policy;</li> <li>○ Terms of Reference of the Board, Board sub-Committees, Risk Committee and/or Audit Committee, Underwriting/Pricing committees (as applicable);</li> <li>○ Audit, accounting, and banking arrangements;</li> <li>○ Professional Indemnity Insurance;</li> <li>○ an insurance policy with an authorised insurer, a guarantee from an authorised insurer, or a guarantee from an authorised credit institution;</li> <li>○ Contracts with parties to whom material operational functions are outsourced;</li> <li>○ Mobilisation Plan (if applicable); and</li> <li>○ Completed and Signed Regulated Individual form(s) and NED form(s).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● GFSC Onsite visit (including testing of systems and controls and an IT review).</li> <li>● Applicant Firms will usually be focused on actioning the following: <ul style="list-style-type: none"> <li>○ Building and testing products or services and IT systems;</li> <li>○ building out its infrastructure;</li> <li>○ Finalising senior management appointments and other staff recruitment and training;</li> <li>○ completing the build-out of control functions such as Risk, Internal Audit and Compliance;</li> <li>○ operationalising its policies and procedures;</li> <li>○ finalising its Recovery Plan, Business Continuity Plan and Solvent Wind-down Plan; and</li> <li>○ fully capitalising the firm for when it exits mobilisation.</li> </ul> </li> <li>● GFSC Decision taken on whether Applicant Firm has completed Stage 4.</li> </ul>

<sup>6</sup> Refer to Financial Services Act 2019, Schedule 12 and sector specific regulations.

General Description	STAGE 1	STAGE 2	STAGE 3	STAGE 4 (Mobilisation, if applicable)
	Core application information and documents submitted	Updated and additional detail/information submitted by the Applicant Firm.	Final set of information/documents submitted. GFSC final assessment carried out	"Mobilisation" Stage is a 'testing' of systems stage.
General Information/Documents for Investments (Class 2) sector	<ul style="list-style-type: none"> <li>• Payment of application fee.</li> <li>• Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>o Core details (requesting specific legal/company information about the Applicant Firm);</li> <li>o Comprehensive Business Plan- Investment- a checklist setting out a non-exhaustive list of the following areas expected to be covered by an Applicant Firm's comprehensive business plan is available <a href="#">here</a> ("Investments Class 2 CBP Checklist"): <ul style="list-style-type: none"> <li>▪ Owners, Controllers, and Sources of Funding</li> <li>▪ Key Function Holders, Regulated Individuals and Substance;</li> <li>▪ Group Supervision assessment (if applicable)</li> <li>▪ Related Party transactions;</li> <li>▪ Business Strategy and Model;</li> <li>▪ Financial Resources and Capital Projections; and</li> <li>▪ Business Model Viability.</li> </ul> </li> </ul> </li> </ul> <p>(Note- the Investments Class 2 CBP Checklist is not a 'template' business plan. An Applicant Firm's business plan should be bespoke and tailored to the business of the Applicant Firm)</p> <ul style="list-style-type: none"> <li>o Threshold Conditions self- assessment<sup>7</sup>;</li> <li>o Completed and Signed Controller form(s);</li> <li>o Internal Capital Adequacy and Risk Assessment (ICARA) document;</li> <li>o Establishment of Risk Committee (if applicable); and</li> <li>o Confirmation of Professional Indemnity Insurance.</li> </ul>	<ul style="list-style-type: none"> <li>• Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>o Corporate Governance and Control;</li> <li>o Business Continuity Management Plan;</li> <li>o IT Systems;</li> <li>o Systems Controls/Risk management;</li> <li>o Financial Crime controls, compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) requirements;</li> <li>o Full Risk Methodology and Framework Policy documents;</li> <li>o Risk Register – showing consideration of K factors (K-CON);</li> <li>o Disaster Recovery Plan; and</li> <li>o Updated Business Plan, if required.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>o Detail of KPIs;</li> <li>o Non-financial resources;</li> <li>o Compliance structure;</li> <li>o Conduct of Business (Full Conduct Risk Framework documents);</li> <li>o Consumer Duty compliance (as applicable); and</li> <li>o Operational Resilience compliance (as applicable).</li> </ul> </li> <li>• Policies and procedures and other key documents, including but not limited to: <ul style="list-style-type: none"> <li>o Remuneration Policy;</li> <li>o Conflict of Interest Policy;</li> <li>o Conflict of Interest Register;</li> <li>o Liquidity/solvency policies;</li> <li>o Internal Audit Plan;</li> <li>o Complaints Handling Policy;</li> <li>o Terms of Reference of the Board, Board sub-Committees, Risk Committee and/or Audit Committee, Underwriting/Pricing committees, as applicable;</li> <li>o Audit, accounting, and banking arrangements;</li> <li>o Professional Indemnity Insurance;</li> <li>o Diversity Policy;</li> <li>o Investment Policy;</li> <li>o ESG Policy;</li> <li>o Disruptions Log;</li> <li>o Full Conduct Risk Framework documents;</li> <li>o IIFPR Liquidity requirement;</li> <li>o Client facing documents, where advice is to be provided;</li> <li>o Contracts with parties to whom material operational functions are outsourced;</li> <li>o Mobilisation Plan (if applicable); and</li> <li>o Completed and Signed Regulated Individual form(s) and NED form(s).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• GFSC Onsite visit (including testing of systems and controls and an IT review).</li> <li>• Applicant Firms will usually be focused on actioning the following: <ul style="list-style-type: none"> <li>o Building and testing products or services and IT systems;</li> <li>o building out its infrastructure;</li> <li>o Finalising senior management appointments and other staff recruitment and training;</li> <li>o completing the build-out of control functions such as Risk, Internal Audit and Compliance;</li> <li>o operationalising its policies and procedures;</li> <li>o finalising its Recovery Plan, Business Continuity Plan and Solvent Wind-down Plan; and</li> <li>o fully capitalising the firm for when it exits mobilisation.</li> </ul> </li> <li>• GFSC Decision taken on whether Applicant Firm has completed Stage 4.</li> </ul>

<sup>7</sup> Refer to Financial Services Act 2019, Schedule 12 and sector specific regulations.

General Description	STAGE 1	STAGE 2	STAGE 3
	Core application information and documents submitted	Updated and additional detail/information submitted by the Applicant Firm	Final set of information/documents submitted. GFSC final assessment carried out
General Information/Documents for Insurance	<ul style="list-style-type: none"> <li>● Payment of application fee.</li> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Core details (requesting specific legal/company information about the Applicant Firm);</li> <li>○ Comprehensive Business Plan- Insurance;</li> <li>○ A checklist setting out a non-exhaustive list of the following areas expected to be covered by a firm’s comprehensive business plan is available <a href="#">here</a> (“<b>Insurance CBP Checklist</b>”): <ul style="list-style-type: none"> <li>▪ Owners, Controllers, and Sources of Funding;</li> <li>▪ Key Function Holders, Regulated Individuals and Substance;</li> <li>▪ Group Supervision assessment (if applicable);</li> <li>▪ Business Strategy, Distribution Strategy and Model;</li> <li>▪ Financial Resources and Capital projections/information;</li> <li>▪ Business Model Viability; and</li> <li>▪ Insurance Risk (Underwriting &amp; Pricing, Claims &amp; Reserving, Reinsurance).</li> </ul> </li> </ul> </li> </ul> <p>(Note- the Insurance CBP Checklist is not a ‘template’ business plan. An Applicant Firm’s business plan should be bespoke and tailored to the business of the Applicant Firm)</p> <ul style="list-style-type: none"> <li>○ Threshold Conditions self- assessment<sup>8</sup>;</li> <li>○ Completed and Signed Controller form(s);</li> <li>○ Related Party transactions;</li> <li>○ Own Risk &amp; Solvency Assessment (ORSA);</li> <li>○ Scheme of Operations;</li> <li>○ Solvency Capital requirement forecast (EIOPA);</li> <li>○ Minimum Capital Requirement (MCR);</li> <li>○ Stress test on Financial Projections; and</li> <li>○ Establishment of Remuneration Committee.</li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Corporate Governance and Control</li> <li>○ IT infrastructure, Cyber and systems including outsourcing arrangements;</li> <li>○ Operational &amp; Outsourcing Risk including material’ outsourcing arrangements;</li> <li>○ Systems controls &amp; Risk management;</li> <li>○ Financial Crime controls, compliance with Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) requirements (as applicable);</li> </ul> </li> <li>● Risk Methodology and framework policy documents.</li> <li>● Business Continuity Management Plan;</li> <li>● Disaster Recovery Plan; and</li> <li>● Risk Register &amp; Controls Updated business plan, if required.</li> </ul>	<ul style="list-style-type: none"> <li>● Information/documents including, but not limited to: <ul style="list-style-type: none"> <li>○ Detail of KPIs.</li> <li>○ Non-financial resources.</li> <li>○ Compliance structure.</li> <li>○ Conduct of Business (Full Conduct Risk Framework documents).</li> <li>○ Customer Journey from sales to claims with information provided to customers at each time of the cycle;</li> <li>○ Outcomes to be visible and reviewed at board level;</li> <li>○ Complaints Appetite indicators;</li> <li>○ Claims Appetite indicators and Follow- up report;</li> <li>○ Claims Performance Reports (Evolution of Claims, Claims Frequency, Complaints on Claims, Acceptations Ratios, Declined, Declination causes, claims feed into Product review);</li> <li>○ Distributors Fee Structure;</li> <li>○ New Product Assessment Reports;</li> <li>○ Customer Outcomes to be visible and reviewed at board level;</li> <li>○ Board Dashboards on products performance (prices, claims and complaints);</li> <li>○ Consumer Duty compliance (as applicable)</li> <li>○ Operational Resilience compliance (as applicable).</li> </ul> </li> <li>● Policies and procedures and other key documents, including but not limited to: <ul style="list-style-type: none"> <li>○ Remuneration Policy;</li> <li>○ Conflict of Interest Policy;</li> <li>○ ESG Policy;</li> <li>○ Diversity Policy;</li> <li>○ Conflict of Interest Register;</li> <li>○ Liquidity/solvency policies;</li> <li>○ Internal Audit Plan;</li> <li>○ Complaints Handling Policy;</li> <li>○ Terms of Reference of the Board, Board sub-Committees, Risk Committee and/or Audit Committee, Underwriting/Pricing committees, as applicable;</li> <li>○ Audit, accounting, and banking arrangements;</li> <li>○ Professional Indemnity Insurance;</li> <li>○ Claims &amp; Complaints Handling Policies &amp; Procedures;</li> <li>○ Risk event log (presented to board quarterly);</li> <li>○ Terms of Reference of the Conduct Committee, if applicable;</li> </ul> </li> </ul>

<sup>8</sup> Refer to Financial Services Act 2019, Schedule 12 and sector specific regulations.

			<ul style="list-style-type: none"> <li>o Pricing Policies and Procedures;</li> <li>o Vulnerable Customers Policy;</li> <li>o Claims Handling agreement which should be recorded (claims upheld, accepted, declined, fraud prevention);</li> <li>o Claims Auditing oversight;</li> <li>o Mobilisation Plan (if applicable);</li> <li>o Contracts with parties to whom material operational functions are outsourced;</li> <li>o Outsourcing contracts with Claims Handlers and Monitoring Plan.</li> <li>o Agreements with main distributors / TOBAs;</li> <li>o Delegations of Authority; and</li> <li>o Completed and Signed Regulated Individual form(s) and NED form(s).</li> </ul>
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**Published by:**

Gibraltar Financial Services Commission  
PO Box 940  
Suite 3, Ground Floor  
Atlantic Suites  
Europort Avenue  
Gibraltar

[www.gfsc.gi](http://www.gfsc.gi)

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