

Translation from Finnish**Legally binding only in Finnish and Swedish****Ministry of Finance, Finland****Decree of the Ministry of Finance on the Information to be Appended to the Authorisation Application of a Payment Institution (1040/2017)****Section 1****Scope of application**

This Decree lays down provisions on the information to be appended to the application when applying for authorisation of a payment institution referred to in section 11, subsection 1 of the Act on Payment Institutions (297/2010) or for authorisation to establish a branch in a State outside the European Economic Area referred to in section 44, subsection 1 of the Act.

The following provisions of this Decree apply to account information service providers referred to in section 7b of the Act on Payment Institutions: section 2, subsection 1; section 2, subsection 2, para-graphs 1 and 3; sections 3 and 6; section 7, subsections 1 and 3; section 10; section 12 in respect of joining payment transmission systems; section 14, excluding subsection 1, paragraph 10; section 15 in respect of the outsourcing of functions; and section 17.

Section 2**Information on the applicant**

The authorisation application, which shall be in writing, shall indicate the full company name, any auxiliary company name(s), postal and street address and domicile of the payment institution applying for authorisation.

The following shall be appended to the application:

- 1) a copy of the applicant's currently valid articles of association, rules or partnership agreement;
- 2) an extract from or a copy of the decision taken by the meeting of shareholders, by the general meeting of a cooperative or by the partners, inclusive of any appendices, amending, where necessary, the articles of association, the rules or the partnership agreement to comply with the requirements for the articles of association, the rules or the partnership agreement of the payment institution and stating the intent of the entity to apply for authorisation of a payment institution;

3) an extract from the Trade Register concerning the entity.

The following, inclusive of any appendices to the following, shall be appended to an authorisation application of a payment institution to be established:

- 1) an extract from or a copy of the decision to establish the payment institution if the founder is a legal person;
- 2) an extract from the Trade Register for each founder that is a legal person and information on each founder that is a natural person;
- 3) a copy of the memorandum of association or the partnership agreement;
- 4) a copy of the minutes of the constituent meeting, if any.

The draft terms of merger or the draft terms of demerger shall be appended to an authorisation application of a payment institution established through a combination merger or demerger, respectively.

Section 3

Activities carried out

The application shall list and describe the payment services referred to in section 1 of the Act on Payment Institutions that the payment institution intends to provide. The application shall also list and describe any services referred to in section 9, subsection 1 of the Act on Payment Institutions that the payment institution intends to provide and any other business activity referred to in section 9, subsection 2 of the Act that the payment institution intends to carry out.

Section 4

Minimum capital

If the share capital, cooperative share capital, basic capital or partnership-capital contribution as referred to in section 27 of the Act on Payment Institutions and required from the payment institution has been fully paid up at the time of submitting the authorisation application, information shall be appended to the application demonstrating that the paid-up amount is in the possession and control of the entity. An affidavit signed by the entity's auditors to the effect that

the provisions concerning payment of the minimum capital have been complied with shall also be appended to the application.

If the minimum capital of the payment institution has not been fully paid up by the time of submitting the authorisation application, information shall be appended to the application on the commitments towards payment of the minimum capital. This information shall include the entity's memorandum of association, partnership agreement or subscription list detailing the shares, the subscribers and their subscriptions. Additionally, a copy of the decision taken by each of the subscribers that is a legal person to subscribe to the minimum capital and an extract from the Trade Register concerning such subscriber(s) shall be appended to the application.

If any of the minimum capital has been subscribed with the right or the obligation to commit assets in kind against a share in the entity or if the minimum capital has, in full or in part, been paid in assets in kind, a statement as referred to in chapter 2, section 8, subsection 4 of the Limited Liability Companies Act (624/2006) shall be appended to the application.

Section 5

Information on the founders and principal shareholders and shareholders' holdings

The application shall indicate the payment institution's founders and the owners who directly or indirectly hold a stake of at least one tenth in the payment institution or its voting rights, or where, by virtue of the holding or the voting rights, it is possible to exercise significant influence over the management of the company in question. The application shall indicate the size of each owner's holding in the payment institution's share capital, cooperative share capital, partnership-capital contribution or voting rights and the personal and contact details of the founders and the owners. Information on any agreements or other arrangements that result in or may result in a holding referred to in this subsection shall also be appended to the application. If a founder or an owner is a legal person, an extract from the Trade Register or other corresponding information on that legal person shall also be appended to the application.

Information on the financial status of a founder or an owner referred to in subsection 1 shall be appended to the application. If a founder or an owner is a legal person, financial statements and, if a founder or an owner is part of a group of undertakings, consolidated financial statements, including notes, for the past three financial years shall be appended to the application. If the most recent financial statements were prepared more than six months prior to submitting the application, a report dated and signed by the board of directors of the entity on any events since

the preparation of the financial statements with a material impact on the entity's financial status and on the entity's financial status and performance at the time of submitting the application shall be appended to the application.

Section 6

Management of the payment institution

The following shall be appended to the application: extracts from or copies of all necessary minutes of the meeting of shareholders, general meeting of the cooperative, meeting of the partners and meeting of the board of directors or any other documentation drawn up by a party outside the company that lists the ordinary members and deputy members elected to the board of directors of the payment institution, the managing director and deputy managing director appointed to the company and any other members of senior management.

If the payment institution intends to carry out other business activity referred to in section 9, subsection 2 of the Act on Payment Institutions, the information referred to in subsection 1 shall also be appended to the application concerning persons responsible for the provision of payment services.

Section 7

Report of fitness and propriety

To assess the fitness and propriety of the members and deputy members of the board of directors, the managing director and deputy managing director, as well as other members of the senior management, of the payment institution, the following information concerning these persons shall be attached to the application:

- 1) a curriculum vitae containing the person's date and place of birth, education and training, position in the payment institution and previous duties in payment institutions, if any, previous employment and participation in relevant training programmes or professional courses, if any;
- 2) an extract from the Business Prohibition Register;
- 3) a certificate of non-bankruptcy and full legal capacity;
- 4) information on registered payment defaults and receivables under enforcement, if any;

- 5) a personally signed written affidavit of good repute that shall contain the name of the payment institution, the person's full name and any previous name(s), place and date of birth and declaration to the effect that the person has not been cautioned by a duly appointed supervisory body, and information on any violation or offence that led to a consequence referred to above;
- 6) information on any other matters that the person considers relevant for the assessment of his or her fitness and propriety.

If an entity directly or indirectly holds a stake of at least one tenth in the payment institution or its voting rights, or if, by virtue of the holding or the voting rights, it is possible to exercise significant influence over the management of the company in question, a report of fitness and propriety referred to in subsection 1 concerning each of the ordinary members and deputy members of the board of directors, the managing director and deputy managing director and any other members of senior management of the entity that owns the payment institution shall be appended to the application. If any party other than that referred to above exercises effective control over an owner entity, a similar report shall be submitted concerning that party. Furthermore, a similar report shall be submitted on any natural person who is an owner if the person directly or indirectly holds a stake of at least one tenth in the payment institution or its voting rights, or if, by virtue of the holding or the voting rights, it is possible to exercise significant influence over the management of the company in question.

If the Financial Supervisory Authority does not have the powers to obtain an extract from criminal records from another country for the purpose of investigating a matter referred to in section 25, subsection 3 of the Act on Payment Institutions, an extract or certificate issued by an authority or registrar corresponding to the extract from criminal records referred to in the Criminal Records Act (770/1993) shall be appended to the application.

Section 8

Report on close links of the payment institution

A report on any close links of the payment institution referred to in section 21 of the Act on Payment Institutions shall be appended to the application. Additionally, a report on any agreements or other arrangements that result in or may result in the creation of a close link of the

payment institution referred to in the above-mentioned section of the Act shall be appended to the application.

Section 9

Auditors of the payment institution

The application shall indicate the names of the payment institution's auditors. An extract from or a copy of the minutes of the meeting of shareholders or constituent meeting concerning the appointment of auditors shall be appended to the application.

Section 10

Financial capacity

For the purpose of assessment of the payment institution's financial capacity, an operating plan shall be appended to the authorisation application, containing:

- 1) a business plan and a description of operational targets for the following three years, indicating the intended business activity, services provided, projected market share, customer base, level of risk-taking by risk category, personnel, and remuneration policies;
- 2) profitability estimates and targets, and performance and balance sheet forecasts and their justifications for the following three years;
- 3) an estimate of the sufficiency of own funds for the following three years and a plan for ensuring sufficient capital adequacy and liquidity;
- 4) information on the availability of capital (*capital plan*), calculations of compliance with capital requirements and a description of the arrangement of capital adequacy management.

The business plan shall contain information on any functions intended to be outsourced or carried out through an agent. The application shall indicate the names and contact details of any performers of outsourced functions or agents.

If the applicant has a history of business activity, financial statements and, if the applicant is part of a group of undertakings, consolidated financial statements, including notes, for the past five financial years shall be appended to the application. If the most recent financial statements were prepared more than six months prior to submitting the application, a report dated and signed by

the board of directors of the company on any events after the preparation of the financial statements having a material impact on the company's financial status and on the company's financial status and performance at the time of submitting the application shall be appended to the application.

Section 11

Receiving of funds from the public

The business plan shall indicate the planned receiving of funds from the public and the content and scope of the activity. Information appended to the application shall also indicate the planned account system and the manner in which the transfer of funds and withdrawal of funds from an account will take place and include drafts of the general terms and conditions of customer account agreements. A description of the management and monitoring of the risks arising from the receiving of funds from the public shall also be appended to the application.

Section 12

Payment transmission

Information on how the payment institution's own payments and its customers' payments will be transmitted, which payment transmission systems the payment institution intends to join and how this will take place in practice shall be appended to the application. Additionally, information shall be provided on the risks relating to payment transmission and how their management will be arranged as well as on how the continuity of payment transmissions will be ensured in case of disruptions.

Section 13

Safeguarding of customer funds

If the payment institution is obliged to safeguard customer funds under section 26 of the Act on Payment Institutions, information on the methods to be employed to safeguard customer funds shall be appended to the application.

Section 14

Internal control and risk management

A description shall be appended to the application concerning:

- 1) the organisation of the payment institution, the use of agents or branches and the audit of these at least annually, the outsourcing arrangements, the division of duties and responsibilities, the decision-making system, the number of employees to be hired and the professional competence criteria set for employees;
- 1) the organisation of the payment institution, the division of duties and responsibilities, and the decision-making system, the number of employees to be hired and the professional competence criteria set for employees;
- 2) the arrangement of internal control, risk management and risk management assessment independent of the business;
- 3) the arrangement of internal audits;
- 4) the arrangement of oversight of legality and compliance with internal conduct of business rules;
- 5) the safeguarding of sufficient flow of information and other internal control as regards functions that will be outsourced or carried out through an agent;
- 6) risk, performance and other reporting to management;
- 7) document storage protocols;
- 8) the systems for surveillance, processing and monitoring of an operating or security-related irregularity and of customer complaints concerning the irregularity, and the reporting systems for these;
- 9) the process used for registration, control and monitoring of sensitive payment data and for restricting access to these;
- 10) the principles and definitions used for compiling statistics on performance, payment transactions and fraud.

The internal rules of procedure to be applied at the payment institution shall also be appended to the application.

A description of how the payment institution has prepared for the continuity of activities in case of disruptions shall be appended to the application. Additionally, continuity plans for the key functions of the payment institution and a description of the regular testing and updating of the continuity plans shall be appended to the application.

A security policy document containing a detailed risk assessment of the payment services and a description of the security monitoring and control measures intended to protect payment services users shall be appended to the application.

Section 15

Information systems and information security

A description of the payment institution's information systems, information management strategy and information management organisation shall be appended to the application. The application shall also describe any information technology services to be outsourced.

A description shall be appended to the application regarding the payment institution's information security organisation and the information security responsibilities of its various units, its information security principles and management of risks relating to information security and how the payment institution's own information security will be assessed. In addition, the key guidelines relating to the payment institution's information security shall be appended to the application.

Section 16

Customer identification and due diligence system and risk management relating to money laundering and terrorist financing

A description of and the internal guidelines adopted by management on the customer identification and due diligence system and measures taken to ensure compliance with the obligation to obtain information and report suspicious transactions contained in provisions laid down to prevent money laundering and terrorist financing shall be appended to the application. In addition, a description of the risk management methods relating to money laundering and terrorist financing and the continuous monitoring of customer relationships and business transactions shall be appended to the application. Information on the storage of identification documents, the persons responsible and the employee training programme shall also be included in the application.

Section 17**Accounting and financial statements system**

Information on the payment institution's accounting system, the accounting ledgers and voucher types used and how these are stored shall be appended to the application.

Information on which accounting and reporting framework the payment institution applies shall be appended to the application. A description of how transactions referred to in section 28a, of the Act on Payment Institutions are recorded in the accounts separately from other business transactions of the payment institution shall also be appended to the application.

Section 18**Information to be appended to an application for authorisation to establish a branch in a State outside the European Economic Area**

A payment institution authorised in Finland and seeking to establish a branch in a State outside the European Economic Area shall append the following to its authorisation application:

- 1) a copy of the decision by a competent decision-making body of the payment institution to establish a branch in another State;
- 2) authorisation granted by the relevant authority of the State in which the branch is to be established if such authorisation is required in that State;
- 3) information on the legislation of that State governing the activities and supervision of payment institutions;
- 4) information on the powers of the Financial Supervisory Authority to supervise and obtain information about the branch;
- 5) information on the powers of the supervisory authority of the State in which the branch is to be established to supervise the branch;
- 6) the business plan of the branch;
- 7) information on the organisational structure of the branch;

- 8) information on the management of the branch and a report of fitness and propriety referred to in section 7 concerning the management of the branch;
- 9) a description of how the payment institution's internal control and risk management will be arranged at the branch;
- 10) information on reporting by the branch to the head office.

Section 19

Entry into force

This Decree enters into force on 13 January 2018.