



FINANCIAL SUPERVISION COMMISSION

BANKING ACT 1998

APPLICATION FORM

FOR A BANKING LICENCE

Completed applications together with any supporting material should be sent to:-

*Financial Supervision Commission
P O Box 58
Finch Hill House
Bucks Road
Douglas
Isle of Man
IM99 1DT*

June 2007

GUIDANCE NOTES

*The form can be downloaded from our website in Microsoft Word format, with boxes that will expand to fit the text. You must not alter or delete any questions. Alternatively, you can print the form and complete it using **BLOCK CAPITALS AND BLACK INK**. You may provide information on additional sheets, if necessary, signed and dated.*

The staff of the Commission are available to be consulted on a formal or an informal basis in the course of the preparation of an application for a licence and will try to give appropriate guidance where it is sought. However, in order that the role of the staff of the Commission is not misunderstood, the Commission wishes to emphasise that:-

- (i) the preparation and submission of an application for a licence is the responsibility of the Applicant;*
- (ii) the decision whether or not to issue a licence is the responsibility of the Commission; and*
- (iii) the Commission normally takes legal advice on questions of law that confront it and Applicants for licences must similarly be prepared to seek legal advice on questions of law that confront them.*

Please read the Commission's guidance on the "fit and proper" test in the General Licensing Policy for those seeking a Banking, Investment Business or Fiduciary Services licence, before making this application.

By virtue of Section 27 of the Banking Act 1998 ("the Act") a person commits an offence if, for the purposes of obtaining a licence, he knowingly or recklessly gives any information which is false in a material particular and shall be liable:-

- (a) on summary conviction, to custody for a term not exceeding 6 months or to a fine not exceeding £5,000, or to both;*
- (b) on conviction on indictment, to a term of custody not exceeding 2 years, or to a fine, or both.*

If an application is incomplete or does not disclose all information which may affect the Commission's assessment, this may result in significant delays in processing. The Commission does not accept responsibility for any loss caused to the Applicant by any delay.

Financial Supervision Commission

June 2007

DOCUMENTS WHICH FORM PART OF THIS APPLICATION

In addition to the application form itself, a number of other documents should accompany the application, as set out below:-

	<i>Document Attached</i>
1. <u>Personal Questionnaires & Bankers' Questionnaires.</u> Completed Personal Questionnaires and Bankers' Questionnaires (or, as appropriate, Personal Declarations or Update Declarations) for the directors and managers.	<input type="checkbox"/>
2. <u>Business Plan.</u> A three year business plan. Applicants should refer overleaf for guidance on the contents of this.	<input type="checkbox"/>
3. <u>Declaration.</u> A signed Declaration in the format provided in Appendix I to this form.	<input type="checkbox"/>
4. <u>Incorporation documents of companies incorporated outside the Isle of Man.</u> Applicants that are <u>not</u> incorporated in the Isle of Man should supply a copy of their constitutional documents and evidence of their place and date of incorporation – certified by a Director or the Company Secretary as a true copy.	<input type="checkbox"/>
5. <u>Accounts.</u> A copy of audited accounts of the Applicant covering the previous 3 accounting years. If audited accounts are not available, then unaudited accounts may be submitted. (The Commission may also require to see the audited accounts of any associated company or subsidiary).	<input type="checkbox"/>
6. <u>Auditor's letter.</u> A letter from the Applicant's proposed auditor, confirming the auditor's willingness to serve, including confirmation that Professional Indemnity Insurance cover is held to a level of at least £20 million.	<input type="checkbox"/>
7. <u>Payment.</u> A cheque payable to "Isle of Man Government" for the amount of the application fee.	<input type="checkbox"/>
8. <u>Letter of Comfort.</u> A letter from a parent institution confirming its commitment to the application and its support of the applicant, over and above its legal obligations. Locally incorporated applicants should refer overleaf for guidance on the contents of this letter.	<input type="checkbox"/>

Guidance Notes as to the contents of the Business Plan and Letter of Comfort

Business Plan.

A three year Business Plan which should include statements on the following and should be supported by a letter from the company's auditors in the format provided at "K" below.

- A. **Background.**
- i. A brief resume of the group's history.
 - ii. A group structure chart showing the name and jurisdiction of the parent, subsidiaries and associated companies. This should show where the Applicant will appear in the group.
 - iii. Existing sources of income for the group.
- B. The business objectives of the Applicant, in establishing a presence in the Isle of Man.
- C. The services to be offered (including details of any form of investment business proposed). Any unregulated activities should also be described for context.
- D. Marketing strategy and methods, including a list of the markets to which services/products are to be directed. This should include:
- the principal jurisdictions in which customers are expected to be resident;
 - a profile of the client base, for example, retail deposit-taking from residents of the Isle of Man or investment advice to expatriate professionals;
 - a profile of the principal sources of business as the applicant views them, for example, referrals from group companies.
- E. Management and staff structure of the Applicant, showing key personnel and their responsibilities. (An Applicant requiring a Managed presence must enclose a signed copy of the Management Agreement between the Approved Manager and itself.)
- F. Details of any sub-contracting arrangements for services or advice to be bought in from third parties or other group companies.
- G. Control procedures (e.g. relating to review of work, separation of functions, and use of external advice.)
- H. A summary of the Applicant's approach to the management of risks relevant to the activities that will be conducted under its business plan. In accordance with the Banking (General Practice) Regulatory Code 2005 http://www.fsc.gov.im/handbooks/guides/Banking/Banking_Legislation/bankinggenpracregcode2005.xml?searchterm=#32 This should normally cover the following:
- Credit risk including large exposures and arrears and provisioning;
 - Market Risk, including, as appropriate, Liquidity Management, Foreign Exchange and Interest Rate Risk;
 - Operational Risk;
 - Business Continuity.
- I. Projected profit and loss accounts and balance sheets for the next three years. Interest income should be differentiated from commissions and other sources of income.
- J. Supervisory Returns. A completed set of supervisory returns, (which will be supplied by the Commission on request), completed as they might be expected to appear after one year of operation on the basis of the assumptions in the Business Plan.
- K. A confirmation from the auditors in the form set out below:

Letter from Auditors

Dear Sirs

We refer to the application by [name of Applicant] ("the Applicant") for authorisation as a bank under section 2 of the Banking Act 1998. A copy of the business plan is attached and initialled for identification purposes.

We would confirm that we:

- 1. are prepared to accept appointment as auditors to the Applicant*
- 2. nominate [name] as the partner who will be responsible for signing off on the audit*;*
- 3. carry Professional Indemnity Insurance for not less than £20 million; and*
- 4. consider that the information provided in the attached business plan has been properly prepared on the basis of assumptions made by the Directors of the Applicant for which they are solely responsible.*

Yours faithfully

** Where the individual named here has not previously been nominated to, and accepted by, the Financial Supervision Commission as a person who has five years' bank or building society audit experience, details of the partner's post-qualification experience in bank auditing should be attached in a separate letter signed by the individual.*

Letter of Comfort

The Commission would expect a parent bank of a licence applicant to supply a letter of comfort, addressed to the Commission and worded on the following lines. If a licence is granted, the Commission may request the parent to update the letter of comfort from time to time.

"We write to confirm that [name of Isle of Man banking institution] is a wholly owned subsidiary of [name of parent bank]. The attached group structure chart shows the ownership chain between [name of parent bank] and [name of Isle of Man banking institution].

It is in the commercial interest of [name of parent bank] that [name of Isle of Man banking institution] continues at all times to meet its liabilities as they fall due and its obligations to its customers.

Therefore we recognise a responsibility over and above any legal obligations which may exist to protect its financial stability and to ensure that it is always in a position to fulfil its obligations and confirm that we will meet this responsibility."

CONTACT DETAILS

Full Name of Applicant	
Business Name (if applicable)	
Registered Office Address	
Business Address in the Isle of Man	
Contact Name	
E-mail	
Website	
Telephone Number	
Fax Number	

ABOUT THE APPLICANT

1. Country of Incorporation	
2. Company Registration Number	
3. Date of Incorporation	
4. Authorised share capital	
5. Issued share capital and paid up share capital, if different	
6. If shares are the subject of an option agreement or forward contract, please provide details	
7. Amount and nature of any loan capital	
8. Amounts outstanding on any existing loans to directors managers or controllers of the Applicant, and any proposed loans	
9. Financial year-end	

THE PROPOSED BUSINESS

Please tick the appropriate box(es) for the regulated activities that the Applicant proposes to conduct.

Accept the deposit of money

Investment business

Trustee or custodian of authorised or international collective investment schemes

10. Is the proposed presence on the Isle of Man a branch or subsidiary?	
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11. Name and address of the Applicant's auditors (including the contact person)	
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12. Names and addresses of any regulatory authority which authorises or registers the Applicant, or parent companies or subsidiary companies of the Applicant. <i>(The Commission may seek references from any such regulatory authority)</i>

Company	Regulatory Authority

13. Is the consent of a regulator required for the Applicant to establish a branch or subsidiary on the Isle of Man?	YES / NO
If yes, please state which regulator, and provide contact details:	

14. Apart from any listed in questions 12 and 13 above, please provide details of any branches or subsidiaries of the Applicant that carry on financial services or fiduciary activities outside the Isle of Man.			
Name	Place of Incorporation	Names of Directors	Activity

15. Does your business comply with the Anti-Money Laundering legislation?	YES / NO
If no, please give details:	

QUESTIONS 19 TO 22 SHOULD BE COMPLETED BY ANY APPLICANT THAT PROPOSES TO CONDUCT INVESTMENT BUSINESS UNDER THE TERMS OF THE INVESTMENT BUSINESS (EXEMPTION) (BANKS AND BUILDING SOCIETIES) REGULATIONS 1992 (MADE UNDER THE INVESTMENT BUSINESS ACT 1991)

19. Name(s) and address(es) of bank(s) with whom office accounts are maintained or where it is intended to open such accounts. Please list first the Applicant's main bankers.

20. Are clients' money accounts to be operated? YES/NO

If "Yes" please state the name(s) and address(es) of the bank(s) with whom such accounts are to be maintained or where it is intended to open such accounts

Name	Address

21. Has the Applicant at any time within the last 6 years received an indication from a banker that its office account or a clients' money account has not been kept in a satisfactory manner? YES/NO

If yes, please explain the circumstances

22. Is the Applicant party to any legal proceedings which would be discussable under paragraphs 64 or 108 of the Banking (General Practice) Regulatory Code 2005 http://www.fsc.gov.im/handbooks/guides/Banking/Banking_Legislation/bankinggenpracregcode2005.xml?searchterm=#32 YES/NO

If yes, please explain the circumstances

QUESTIONS 23 TO 27 SHOULD BE COMPLETED BY ANY APPLICANT THAT PROPOSES TO ACT AS TRUSTEE OF AUTHORISED OR INTERNATIONAL COLLECTIVE INVESTMENT SCHEMES

<p>23. Do you wish to act as trustee of authorised or international collective investment schemes or both?</p>	
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<p>24. Please list the schemes to which you wish to act as trustee</p>	
Scheme	Authorised or International?

<p>25. Please provide details of the systems, controls and procedures to be put in place in relation to the activity of acting as trustee of collective investment schemes</p>	
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<p>26. Please give details of experience within group of acting in this capacity</p>	
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<p>27. Please identify the personnel to be involved in the trustee function together with their experience</p>	<p><i>(Please ensure that this activity is covered in the business plan)</i></p>
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GUIDANCE NOTE

Trustees of authorised schemes, in addition to the normal duties and responsibilities of a trustee, are required to undertake detailed supervisory functions imposed on them under the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005. The trustee's responsibilities include ensuring that the Scheme is managed in complete accordance and compliance with:-

- 1. the Scheme's constitutional documents;*
- 2. the Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005; and*
- 3. the most recently published Scheme Particulars.*

Trustees should refer in particular to paragraphs 109 to 168 of Financial Supervision (Authorised Collective Investment Schemes) Regulations 2005.

*Whilst **trustees of international collective investment schemes** are not required to undertake the same detailed supervisory functions, this does not diminish the fundamental role of trustees as both custodians of Scheme assets and guardians of investors' interests. Indeed, the Commission expects any trustee/custodian agreement to impose upon the trustee a duty to ensure that the Scheme is managed in accordance with the provisions of its constitutional documents (see paragraph 2.2 of the [Guidance Notes for Managers and Trustees of International Collective Investment Schemes](#)).*

The Commission expects trustees of both authorised and international collective investment schemes to undertake on-site compliance testing on the scheme managers and the adequacy of these arrangements, together with their on-going monitoring programme, will be reviewed by the Commission's officers during their Supervisory Visits on the trustees.

Compensation Scheme for Authorised Schemes

Where the applicant proposes to act as trustee of authorised schemes, the applicant must become a participant in the Authorised Collective Investment Schemes Compensation Scheme by signing the Declaration of Compliance in the Authorised Collective Investment Schemes (Compensation) Regulations 1988.

Independence of Managers and Trustees of International Collective Investment Schemes

Where it is intended that the manager and trustee of international collective investment schemes are to be bodies corporate having the same ultimate parent company, a letter of comfort must be submitted in accordance with paragraph 1.5(e) of the [Guidance Notes for Managers and Trustees of International Collective Investment Schemes](#))

FINANCIAL SUPERVISION COMMISSION

BANKING ACT 1998

DECLARATION

This declaration must be signed by two directors of the Applicant or by a director and the company secretary. A licence under Section 6 of the Banking Act 1998 ("the Act") will not be issued until a completed Declaration in this form has been received by the Financial Supervision Commission.

We declare that the information supplied in the attached application is complete and correct to the best of our knowledge and belief at the time of this Declaration.

We further declare that the Applicant is, in our judgement and to the best of our knowledge, able to pay its debts.

We hereby apply to be licensed by the Financial Supervision Commission ("the Commission") in accordance with Section 6 of the Act.

We agree to provide any further information that the Commission may require when considering this application.

We agree to notify the Commission of any other information which is material to this application, and also to notify the Commission immediately of any material changes in the information provided in this application which may occur after the date of submission of the application and prior to the date on which a licence is granted or the date on which the Applicant is notified that his application has been unsuccessful.

We understand and accept that the Commission may wish to make enquiries - both now and on a continuing basis - to satisfy itself as to the initial and continuing fitness and propriety of the Applicant and its controllers, directors and managers. Accordingly, we authorise the regulators named in this application, together with any other person, body or institution (including the Police) that the Commission may approach, to provide such information, as the Commission believes may be relevant to its assessment.

For and on behalf of (*name of Applicant*): _____

Signed _____ DIRECTOR

Name _____

Date _____

Signed _____ DIRECTOR OR COMPANY SECRETARY

Name _____

Date _____

By virtue of Section 27 of the Banking Act 1998 ("the Act") a person commits an offence if, for the purposes of obtaining a licence, he knowingly or recklessly gives any information which is false in a material particular and shall be liable:-

- (a) on summary conviction, to custody for a term not exceeding 6 months or to a fine not exceeding £5,000, or to both;*
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