
SECTION 4

LICENCE APPLICATIONS AND RENEWAL PROCEDURES

4.1 LICENCE APPLICATIONS

Licence applications must be made on prescribed forms, copies of which are available from the Commission's website (see [Appendix G1](#)).

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.

The recommended procedure for applying for an investment business licence involves two stages - firstly to seek "approval in principle" to the proposed operation by submission of an application for such approval, followed by submission of full detailed proposals.

4.1.1 Consultation with Officers of the Commission

Prospective applicants are encouraged to approach officers of the Commission in order to discuss their preliminary proposals for their operations in the Isle of Man at an early stage. These discussions enable the Commission's officers to give applicants any appropriate guidance where it is sought and to identify any foreseeable difficulties connected with the proposed operation.

4.1.2 Approval in Principle

After preliminary discussions have been held with the Commission, the applicant submits an application form, enclosing where applicable draft documentation and business plan, together with the application fee (see [Section 7](#)) seeking the Commission's conditional approval to its proposals. The final declaration at the back of the application form should not be signed at this stage.

Should the Commission then decide to grant "approval in principle" to the issue of an investment business licence, applicants will be required to submit full detailed proposals. Seeking "approval in principle" hopefully assists in minimising costs by enabling the applicant to obtain the Commission's formal view, before incurring the expense of incorporating and capitalising a company.

4.1.3 Consideration of the application by the Commission

The applicant will be notified at least 14 days in advance of the proposed Commission meeting at which the application will be considered, together with details of the proposed recommendations. The Applicant may attend the Commission meeting with up to two other individuals who may be another executive of the applicant or an adviser.

If the applicant has a recommendation for refusal, then the applicant will be given the opportunity for an adjournment for legal representation.

Once the application has been considered, the Commission may announce its decision in writing together with reasons. Any rights of appeal (ie to the Council of Ministers Review Committee) will be explained to the applicant.

It should be noted that the hearing of the licence application will be taped for note taking purposes only.

4.1.4 Appeals Process

Where the primary legislation provides a right of appeal from a decision of the Commission, any appeal will be to an independent Committee set up by the Council of Ministers, known as the Council of Ministers' Review Committee ("the Review Committee").

Any application for review must be sent in the first instance to the Chief Secretary who will report the application to the Council of Ministers. Upon notice of the application the Council of Ministers will then appoint a Review Committee made up of three members. The Review Committee will be entirely independent of the Commission and the members of each Review Committee will be appointed by the Council of Ministers from persons "of appropriate experience" who have no links to either the Commission or the applicant for review.

Upon determination of the issue in question the Review Committee must "confirm, vary or revoke" the decision of the Commission and, without prejudice to any right of recourse to the High Court, a decision of the Committee on a review will be binding on the Commission and the applicant.

4.1.5 Full Approval and Issue of Licence

Normally, once the applicant has complied with all the Commission's conditions and requirements for the issue of a licence final approval is given and the investment business licence is issued. Upon the issue of the licence the annual licence fee becomes payable (see [Section 7](#)). Each

investment business licence will specify to which category the licenceholder belongs for the purposes of the Financial Resources and Reporting Regulatory Code. Attached to each licence will be a condition specifying the scope of the investment business activities the licenceholder may undertake.

4.2 RENEWAL OF INVESTMENT BUSINESS LICENCES AND PAYMENT OF LICENCE FEES

Investment business licences are normally issued for an indefinite period, although a specific expiry date may be imposed in certain circumstances. An annual fee is payable on 1 July each year (see [Section 7](#)). Fees may be paid by direct debit.