

# Checklist

## AUTHORISATION AS A CREDIT INSTITUTION

### **1 Submission process**

#### **1.1 Applicant**

The prospective authorisation holder must apply for authorisation in writing. In the case of incorporated companies, this is done by the executive board or senior management on behalf of the company; in the case of commercial partnerships, by each personally liable partner.

#### **1.2 Form**

The application must be submitted in writing and in triplicate. The application itself must be made in German. There is no application form, nor are there any formal requirements beyond this. The application documents can, in principle, also be submitted in English. Exceptions hereto include the certificate of good conduct for the applicant and for the management board members (see section 2.5.3.3.) as well as the documents relating to the qualifying holding procedure (see section 2.7.).

#### **1.3 Addressee**

The application must be sent to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin). The address is:

Bundesanstalt für Finanzdienstleistungsaufsicht  
Graurheindorfer Str. 108  
53117 Bonn

### **2 Contents of the application for authorisation**

#### **2.1 Short general description**

2.1.1 Rationale for the application. General explanation on the rationale for the application for an (extension of the) authorisation to conduct banking business.

2.1.2 Brief description of the applicant and a list of the types of banking business that are the subject of the application (indication of the types of banking business named in section 1 (1) sentence 2 of the German Banking Act (*Kreditwesengesetz – KWG*) or the financial services named in section 1 (1a) sentences 2 and 3 of the KWG for which authorisation is being applied).

2.1.3 Date at which business operations are intended to commence.

## 2.2 Details of applicant

2.2.1 General information on applicant

2.2.1.1 Name and contact details.

2.2.1.2 Contact person, including e-mail address.

2.2.1.3 Legal form.

2.2.1.4 Registered office and address of the applicant and, where different, the address of its administrative headquarters or of its head office.

2.2.1.5 Website of the undertaking.

2.2.1.6 Date of formation.

2.2.1.7 Details of registration (name of the public register and registration number).

2.2.1.8 Legal Entity Identifier (LEI).

2.2.1.9 Accounting year end.

2.2.1.10 Evidence of the existence of the applicant

- Certified photocopies of the formation records (the memorandum of association, if applicable the formation report).
- Officially certified up-to-date extract from the commercial register

or cooperative society register (*Handels- or Genossenschaftsregisterauszug*).

- If the applicant is a natural person, in principle an officially certified copy of a valid photographic identity document which satisfies the passport and ID requirements in Germany.

2.2.1.11 Where relevant, details on any voluntary membership in the deposit guarantee fund of the Association of German Banks (*Bundesverband deutscher Banken e.V. – BdB*) or in the protection scheme of the Nationale Association of German Cooperative Banks (*Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – BVR*). Note: allocation to the statutory compensation scheme is included, where applicable, in the notification of authorisation.

2.2.2 Where relevant, history of the applicant and of its group, including

2.2.2.1 Details of any current authorisation in the financial sector, including relevant supervisory information such as known issues (capital, governance, sustainability of business model).

2.2.2.2 Significant past or current events in respect of the applicant (bankruptcy, corporate restructuring, criminal proceedings, state aid, mergers, etc.).

2.2.2.3 Material financial information relating to the applicant and submission of the most recent annual financial statements (where available). Core financial figures of the applicant.

## 2.3 Viable business plan

2.3.1 The nature of the proposed business activities, including a substantiated account of their development, markets, target customers, strategy, the establishment of branches and subsidiary institutions and the relevant risk factors.

2.3.2 A description of the proposed banking business subject to an authorisation requirement (including a list of activities subject to mutual recognition (Annex I to Directive 2013/36/EU).

2.3.3 Outline of the market and of competitors.

2.3.4 If it is intended that a large part of the institution's activities be carried out abroad, a declaration that it is not the applicant's aim to avoid stricter supervisory standards.

2.3.5 Description and explanation of the initial and ongoing feasibility of the business plan

- Submission of projected balance sheets and profit and loss account projections for a base case scenario and a stress scenario for at least the first three full financial years after commencing business operations.

## **2.4 Details of the institution's business organisation, risk management, internal control procedures and its human and technical resources**

2.4.1 Description of the organisational structure of the institution, including an organigram.

2.4.2 If the applicant is not a natural person, details of its governing bodies and committees as well as their proposed members.

2.4.3 Details of the allocation of duties among the management board members.

2.4.4 Details of the key function holders i.e. the chief financial officer and the heads of the three internal control functions (risk management function, compliance function and internal audit function).

2.4.5 Detailed description of the institution's risk management framework and planned internal control procedures.

2.4.6 Comprehensive description of the supervisory reporting system.

2.4.7 Description of the organisational precautions in place to ensure compliance with provisions aimed at countering money laundering and the financing of terrorism.

- 2.4.8 Details of other planned branches.
- 2.4.9 Details of staffing. Governance arrangements, including conflicts of interest.
- 2.4.10 Copy of the rules of procedure for the management board.
- 2.4.11 Outline of the IT strategy, IT governance, information risk management, information security management, user rights management, IT project management, application development, IT operations as well as outsourcing plans and the planned other external procurement of IT services.
- 2.4.12 Details of outsourcing arrangements, unless included in section 2.4.11. External and intra-group outsourcing arrangements including service level agreements, fees, reporting and audit of service provider; access to service provider for supervisors.
- 2.4.13 Description of the internal audit function.
- 2.4.14 Description of the risk reporting system.
- 2.4.15 Details of the remuneration system.
- 2.4.16 Business continuity plan including backup facilities and disaster recovery.

## **2.5 Details of the management board**

- 2.5.1 Names of the proposed management board members.
- 2.5.2 Proof of the identities of the management board members by way of an officially certified copy of a valid photographic identity document which satisfies the passport and ID requirements in Germany.
- 2.5.3 Information required in order to assess the reputation of the management board members
  - 2.5.3.1 Declarations according to the form "*Angaben zur Zuverlässigkeit, zeitlichen Verfügbarkeit und zu weiteren Mandaten*" (Details of

reputation, available time and additional mandates – only available in German) in Annex 2a of the German Reports Regulation (*Anzeigenverordnung – AnzV*); the form must be completed in full and signed.

2.5.3.2 Where relevant, the information provided must be explained and copies of judgements, rulings, sanctions or other documents concerning the outcome of the proceedings must be attached.

2.5.3.3 Submission of a certificate of good conduct for submission to a government authority pursuant to section 30 (5) or section 30b of the German Federal Central Criminal Register Act (*Bundeszentralregistergesetz*). Persons who are nationals of or reside in a country which does not issue certificates of good conduct must submit documents from their home country or country of residence which are equivalent to the certificate of good conduct. If the documents are not in German, in principle a translation into German must be submitted along with the originals. The translation must be certified or prepared by a court-appointed or sworn interpreter or translator. Persons who have resided in several countries during the last ten years must submit certificates of good conduct and documents from each of these countries.

2.5.3.4 Where applicable, submission of an extract from the German Central Trade and Industry Register (*Gewerbezentralregister*).

2.5.4 Information required in order to assess the professional propriety of the management board members

- 2.5.4.1 A signed and dated curriculum vitae. The CV must be informative, complete and truthful and must not contain any gaps. It must include the person's surname, all given names, name at birth, date and place of birth, home address, nationality, a detailed description of their professional training and the names of all the undertakings for which they have worked. The CV should focus primarily on the positions held by the person in their professional career. For these individual positions, the CV must indicate not only the year, but also the month in which this position began and ended. In the description of positions held, in particular details of this individual's powers of representation, their internal decision-making powers and the divisions within the undertaking overseen by them (including details of responsibility for personnel) must be provided.
- 2.5.4.2 If available, any job references for employment positions held within the last three years prior to submission of the notification must be appended to the CV.
- 2.5.5 Information required for the assessment whether the management board members have adequate time for the performance of their functions
- 2.5.5.1 Declarations according to the form "*Angaben zur Zuverlässigkeit, zeitlichen Verfügbarkeit und zu weiteren Mandaten*" (Details of reputation, available time and additional mandates – only available in German) in Annex 2a of the German Reports Regulation (*Anzeigenverordnung – AnzV*); the form must be completed in full and signed.
- 2.5.5.2 List of all other activities performed by the person as a management board member of an undertaking or as a member of an administrative or supervisory body of one or more other undertakings.
- 2.5.5.3 The time required for the individual activities performed and mandates held by the person is to be estimated in working days and disclosed as a total amount; as a rule, purely voluntary work and activities which form part of the individual's private life need not be included.

See the sample declaration "*Persönliche Erklärung mit Angaben*

zur Zuverlässigkeit“ (Personal statement with details of reputation – only available in German) on <http://www.bafin.de>.

See the Guidance Notice on management board members pursuant to KWG, ZAG and KAGB of 4 January 2016, most recently amended on 31 January 2017, on <http://www.bafin.de/en>.

## **2.6 If a supervisory board is provided for by law, articles of association or partnership agreement, details of the members of the supervisory body**

2.6.1 Names of the proposed members of the supervisory body.

2.6.2 Proof of the identities of the supervisory body members.

In the case of natural persons, an officially certified copy of a valid photographic identity document which satisfies the passport and ID requirements in Germany.

2.6.3 Information required in order to assess the reputation of the members of the supervisory board

2.6.3.1 Declaration according to the form “*Angaben zur Zuverlässigkeit, zeitlichen Verfügbarkeit und zu weiteren Mandaten*” (Details of reputation, available time and additional mandates – only available in German) in Annex 2a of the AnzV; the form must be completed in full and signed.

2.6.3.2 Where relevant, the information provided on the form must be explained and copies of judgements, rulings, sanctions or other documents concerning the outcome of the proceedings must be attached.

2.6.3.3 Submission of a certificate of good conduct for submission to a government authority pursuant to section 30 (5) or section 30b of the German Federal Central Criminal Register Act.

Persons who are nationals of or reside in a country which does not issue certificates of good conduct must submit documents from their home country or country of residence which are equivalent to the certificate of good conduct. If



the documents are not in German, in principle a translation into German must be submitted along with the originals. The translation must be certified or prepared by a court-appointed or sworn interpreter or translator. Persons who have resided in several countries during the last ten years must submit certificates of good conduct and documents from each of these countries.

2.6.3.4 Where applicable, submission of an extract from the German Central Trade and Industry Register.

2.6.4 Information required in order to assess whether the members of the administrative or supervisory body possess the requisite expertise

2.6.4.1 A signed and dated CV. The CV must be informative, complete and truthful and must not contain any gaps. It must include the person's surname, all given names, name at birth, date and place of birth, home address, nationality, a detailed description of their professional training and the names of all the undertakings for which they have worked. The CV should focus primarily on the positions held by the person in their professional career. For these individual positions, the CV must indicate not only the year, but also the month in which this position began and ended. In the description of positions held, in particular details of this individual's powers of representation, their internal decision-making powers and the divisions within the undertaking overseen by them must be provided.

2.6.4.2 If available, any job references for employment positions held within the last three years prior to submission of the notification must be appended to the CV.

2.6.5 Information required for the assessment whether the members of the administrative or supervisory body have adequate time for the performance of their functions and are in compliance with the statutory limit of directorships

2.6.5.1 Declarations according to the form "*Angaben zur Zuverlässigkeit, zeitlichen Verfügbarkeit und zu weiteren Mandaten*" (Details of

reputation, available time and additional mandates – only available in German) in Annex 2a of the AnzV; the form must be completed in full and signed.

- 2.6.5.2 List of all other activities performed by the person as a management board member of an undertaking or as a member of an administrative or supervisory body of one or more other undertakings.
- 2.6.5.3 The time required for the individual activities performed and mandates held by the person is to be estimated in working days and disclosed as a total amount; as a rule, purely voluntary work and activities which form part of the individual's private life need not be included.

See the sample declaration "*Persönliche Erklärung mit Angaben zur Zuverlässigkeit*" (Personal statement with details of reputation – only available in German) on <http://www.bafin.de>.

Details can be found in the "*Merkblatt zu den Mitgliedern des Verwaltungs-und Aufsichtsorgans*" (Guidance Notice on the members of the administrative and supervisory body) of 4 January 2016, amended on 31 January 2017: [https://www.bafin.de/SharedDocs/Downloads/EN/Merkblatt/dl\\_mb\\_160808\\_AR\\_KWG\\_KAGB\\_en.html](https://www.bafin.de/SharedDocs/Downloads/EN/Merkblatt/dl_mb_160808_AR_KWG_KAGB_en.html)

## 2.7 Holders of qualifying holdings, other shareholders and close links

- 2.7.1 Overview of shareholder structure (organisational chart), including details of capital and voting rights.
- 2.7.2 Details of holders of qualifying holdings
  - 2.7.2.1 Names of the holders of qualifying holdings.
  - 2.7.2.2 General information on the holders of qualifying holdings (section 4 of the German Holder Control Regulation (*Inhaber-kontrollverordnung* – InhKontrollV) in conjunction with section 14 (5) sentence 3 of the AnzV).
  - 2.7.2.3 Details of the respective capital and voting rights percentages.
  - 2.7.2.4 Where relevant, information on voting agreements, fiduciary re-

relationships or other agreements as well as the exercise of significant influence on the applicant.

2.7.2.5 Details and evidence of the identity/existence of the holders of qualifying holdings

- In the case of natural persons, an officially certified copy of a valid photographic identity document which satisfies the passport and ID requirements in Germany.
- In the case of other persons, officially certified copies of the foundation documents or documents of equivalent probative value and, if there is an obligation under the law of the home country to register in a register or list or if such registration was undertaken voluntarily, an officially certified, up-to-date extract from the commercial register (*Handelsregister*), the register of associations (*Vereinsregister*), cooperative society register (*Genossenschaftsregister*), register of partnerships (*Partnerschaftsregister*) or register of foundations (*Stiftungsregister*) or a comparable public register or list.

2.7.2.6 If the holder of the qualifying holding is not a natural person, the following details must be provided

- An officially certified copy of the up-to-date articles of association, the up-to-date partnership agreement or an equivalent agreement.
- A list of the personally liable partners and the persons authorised to represent the business of a holder of a qualifying holding on the basis of the law, the institution's articles of association, partnership agreement or an equivalent agreement, including a description of the nature and scope of their powers as well as of the allocation of duties and, if the holder of the qualifying holding is a special purpose fund, an indication of whether and to what percentage extent these persons share in the distribution of its profits.

2.7.2.7 An up-to-date, complete and informative description of the business activities of the holder of the qualifying holding.

2.7.2.8 A list of natural persons, legal persons, commercial partnerships or companies with other legal forms as well as special purpose funds which own or control the holder of the qualifying holding or which initiate the purchase of or increase in the qualifying holding. This includes in particular all holders of more than 25% of the

capital or voting rights in the holder of the qualifying holding and, if it is a special purpose fund, those which control 25% or more of the special purpose fund or share in the distribution of its profits to at least the same extent.

2.7.2.9 Declarations on and evidence of the reputation of holders of qualifying holdings as well as of persons authorised to represent them

- Declarations according to the form *IAZ Angaben zur Zuverlässigkeit* (Disclosures on Reputation – only available in German) (annex to the *InhKontrollV*).

Certificate of good conduct (or an equivalent document) for submission to a government authority pursuant to section 30 (5) or section 30b of the German Federal Central Criminal Register Act. Persons who are nationals of or reside in a country which does not issue certificates of good conduct must submit documents from their home country or country of residence which are equivalent to the certificate of good conduct. If the documents are not in German, in principle a translation into German must be submitted along with the originals. The translation must be certified or prepared by a court-appointed or sworn interpreter or translator. Persons who have resided in several countries during the last ten years must provide certificates of good conduct and documents from each of these countries.

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- Extract from the Central Trade and Industry Register and, where relevant, explanations of the proceedings and sanctions indicated as well as submission of officially certified copies of judgements, rulings and other sanctions.

2.7.2.10 Submission of a CV of the persons currently authorised to represent the institution, personally signed by them.

2.7.2.11 Details of group affiliation, ownership structure and other opportunities to influence.

2.7.2.12 Information on the financing of the acquisition and submission of the agreements reached.

2.7.2.13 Details on the financial circumstances of the holders of qualifying holdings.

### 2.7.3 Details of other shareholders

If there are no qualifying holdings in the institution, details on the 20 largest shareholders.

### 2.7.4 Close links

Details which suggest a close link between the institution and other natural persons or undertakings.

The party subject to the notification requirement must, along with the originals, submit officially certified translations (or translations prepared by a court-appointed or sworn interpreter or translator) of documents and declarations associated with the qualifying holding procedure which are not drawn up in German. The documents may be translated into German or English.

## 2.8 Capital requirements

2.8.1 Evidence of having the resources needed for business operations, in particular sufficient initial capital

### 2.8.1.1 Quality requirements

- The initial capital must be available in Germany as Common Equity Tier 1 capital. Evidence of fulfilment of the Common Equity Tier 1 capital requirements pursuant to Article 26(1)(a) in conjunction with Article 28 and, if applicable, Article 29 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR) must be provided.

### 2.8.1.2 Evidence requirements

- Evidence of having the resources needed for business operations consists of confirmation from a CRR credit institution (section 1 (3d) sentence 1 of the KWG) domiciled in an EEA state stating that the

initial capital has been paid up and is freely available to the management board members, unencumbered by rights of third parties. Evidence of available own funds, which have to be determined in accordance with the principles applicable for credit institutions, can, with the consent of BaFin, also be provided by way of written or electronic confirmation by an auditor which would be entitled to audit the annual financial statements in the event of authorisation to conduct banking business being granted. In addition, the source of the initial capital must be stated.

## 2.8.2 Evidence of the own funds (beyond the initial capital) required for business operations

- 2.8.2.1 Description of the amount and quality of the planned own funds.
- 2.8.2.2 Description of the source of the required own funds.
- 2.8.2.3 Determination of the statutory own funds requirements according to the provisions of Article 92 of the CRR.
- 2.8.2.4 Calculation of the total risk exposure amount on the basis of the institution's planned activities and projected balance sheets pursuant to Article 92(2) of the CRR.
- 2.8.2.5 Details on the possible planned application of approaches or models based on internal ratings (IRB approach).
- 2.8.2.6 Evidence of the existence of the required own funds (see 2.8.1.2).
- 2.8.2.7 If applicable, a timeline for further capital injections.

## 2.8.3 Details of internal capital adequacy.

- 2.8.3.1 Description of the internal capital adequacy concept (methods, parameters and assumptions).
- 2.8.3.2 Description of the process of ensuring internal capital adequacy.
- 2.8.3.3 Description of the amount and composition of the risk coverage potential for at least the first three full financial years after commencing business operations on the basis of the activities planned.

- 2.8.3.4 Description and quantification of the material risks for at least the first three full financial years after commencing business operations on the basis of the activities planned.
- 2.8.3.5 Description of the internal capital adequacy for at least the first three full financial years after commencing business operations on the basis of the activities planned (base case).
- 2.8.3.6 Description of the effects of a plausible stress scenario or worst case scenario on the internal capital adequacy for at least the first three full financial years after commencing business operations.

Details of capital are to be provided both on the basis of the individual institution as well as on a consolidated basis.

## 2.9 Details of liquidity management

- 2.9.1 Description of quantitative liquidity management pursuant to Article 411 *et seq.* of the CRR.
- 2.9.2 Description of qualitative liquidity management pursuant to BTR 3 (BTR = *Besonderer Teil Risiken* – Special Part on Risk) in the Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement* – MaRisk) ([https://www.bafin.de/SharedDocs/Downloads/EN/Rundschreiben/rs\\_1210\\_marisk\\_ba\\_en.html](https://www.bafin.de/SharedDocs/Downloads/EN/Rundschreiben/rs_1210_marisk_ba_en.html)).

The above checklist is to be viewed as an aid for preparing an application for the granting of authorisation to conduct banking business. We do not claim that it is exhaustive. It can therefore not be ruled out that, in individual cases, additional information and documents will be requested during the processing of the application. If you have any further questions on the content of the application for authorisation to conduct banking business or on the authorisation procedure, please use the group e-mail address: [Licensing@bafin.de](mailto:Licensing@bafin.de). For more information on the subject of authorisation and Brexit, please visit: [https://www.bafin.de/EN/Aufsicht/Uebergreifend/Brexit/brexit\\_node\\_en.html](https://www.bafin.de/EN/Aufsicht/Uebergreifend/Brexit/brexit_node_en.html)