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Central Bank of Ireland Publishes KFD for CASPs

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On 25 November 2024, the Central Bank of Ireland (Central Bank) published its template Key Facts Document (KFD) and guidance for firms seeking authorisation as crypto-asset service provider (CASP) under MiCAR in Ireland.

The publication of the KFD follows the Central Bank's appointment as the Irish national competent authority under MiCAR on 8 November 2024. For further details please see [here](#).

As previously flagged by the Central Bank, the CASP KFD supports a thorough assessment in the pre-application stage. It also requires a greater level of detail than would typically be expected in a KFD for some other types of regulated financial services provider authorisations.

The Central Bank underscores that the ability of CASPs to engage in robust discussions on their proposal in the initial stage of the authorisation application will have a critical impact on the authorisation timelines.

Central Bank's key areas of focus

The Central Bank's key areas of focus in terms of the authorisation and supervision of CASPs are unchanged from those outlined at an industry briefing and discussion in July 2024, except for the additional reference to the applicant firm's independence and autonomy (within a group structure). For further information on the Central Bank's MiCAR authorisation and supervisory expectations, please see [here](#).

Central Bank expectations regarding approach to the KFD phase

The Central Bank expects that the potential applicant firm considers all items discussed and feedback provided during the pre-application engagement and makes any changes required to meet the Central Bank's expectations prior to submitting their KFD.

At the conclusion of the KFD stage of the application, the Central Bank may provide feedback on further elements of the proposal that the Central Bank will require the applicant firm to consider and reflect in the formal application or on material items which it deems necessary for the applicant firm to consider and address before the applicant firm submits a formal application.

The Central Bank notes that it does not anticipate that the KFD process is an open-ended process and that there is a limit to the time spent and number of engagements. In general, high-quality KFD

submissions progress more efficiently, as there are likely to be fewer questions and clarifications required.

Overview of structure of KFD

The KFD should contain details of the applicant's proposed arrangements and include the following information.

1. Background

The applicant firm must introduce itself and provide details regarding the purpose, scope and rationale for the authorisation application in Ireland. The Central Bank requires information about the identity of the applicant CASP and if, when and where other licencing applications have been made.

2. Business Model

The Central Bank requires various details on the applicant's business and operational models, including information on the firm's proposed customer base, marketing activities, and revenue model. A detailed description of the applicant's services is also required, along with details of any related group structure. This section also requires information on the applicant firm's financial viability, outsourcing arrangements, and risk framework.

3. Capital Requirements

The applicant CASP must satisfy the Central Bank that it can meet applicable regulatory capital requirements over the first three years of operations including in stress scenarios. Detailed financial projections, including the projected income statement, balance sheet capital requirements and all underlying assumptions, should be set out together with information on own funds and the capital management/monitoring framework.

4. Governance

The Central Bank requires a description of the applicant CASP's governance arrangements and internal control mechanisms, including the organisational structure and details of key persons. The applicant firm's ownership structure and internal control arrangements are also considered here.

5. Detection and prevention of money laundering and terrorist financing

Details of procedures demonstrating how the firm will comply with AML and CFT obligations are required. Registered Virtual Asset Service Providers (**VASPs**) should confirm that there have been no changes to their business model and AML/CFT framework or highlight changes and set out the related rationale. Other firms should include a summary of their proposed AML/CFT framework and how the firm will ensure compliance with relevant money laundering/terrorist financing legislation.

6. Conduct and Conflicts of Interest

The Central Bank requires a description of the applicant CASP's conduct, transparency, and conflict of interest arrangements. This will include details of the conflicts of interest policy, a complaints handling procedure, a Business Standards Plan, and market abuse surveillance arrangements.

7. Business Continuity and Wind Down

The Central Bank requires detailed information on arrangements to ensure the continuous and regular

provision of crypto-asset services to clients. Required information includes the firm's business continuity plan and wind-down plan.

8. ICT Systems and Security Arrangements

The applicant CASP must provide technical details relating to its information and communication technology (ICT) systems and security arrangements. This section of the KFD has been aligned with the requirements applicable to financial services firms under the EU Digital Operational Resilience Act (DORA), which will apply from January 2025.

9. Client Assets

The Central Bank requires a description of the firm's policies and procedures for overseeing and segregating clients' crypto-assets and funds and the approval system for cryptographic keys.

10. Providing the Service of Custody and Administration of Crypto-assets on behalf of Clients

CASP applicants intending to provide custody and administration services should include a description of the service arrangements and a copy of the standard agreement and custody and administration policy. The Central Bank requires information on how the applicant will identify the crypto-assets of specific clients.

11. Operation of a Trading Platform for Crypto-assets

If the applicant firm wishes to operate a trading platform for crypto-assets, it must provide details, including information as to whether the trading platform is part of a larger group that contains a market maker, admission to trading rules for crypto-assets and the approval process, listing criteria, trading policies, procedures, and fees, order execution rules, suitability checks, settlement, details of excluded crypto assets, and market abuse arrangements and/or policies.

12. Providing the Service of Exchanging Crypto-assets for Funds or other Crypto-assets

Where the applicant CASP intends to provide the service of exchanging crypto-assets for funds or other crypto-assets, the KFD should include a description of the commercial policy and the price determination methodology.

13. Providing the Service of Executing Orders for Crypto-assets on Behalf of Clients

Where the applicant CASP intends to provide the service of execution of orders for crypto-assets on behalf of clients, details of the execution policy will be required, as well as related ancillary information on arrangements, consents, etc.

14. Providing Advice on Crypto-assets or Portfolio Management of Crypto-assets

Applicants intending to provide advice on crypto-asset portfolio management must provide the Central Bank with policies and procedures detailing the mechanisms for assessing the competence of the advisers and for ensuring adherence to the policies and procedures.

15. Providing Transfer Services for Crypto-assets on Behalf of Clients

Applicant firms that intend to provide transfer services for crypto-assets should detail the types of crypto-assets it will support, related policies and procedures and arrangements; and information relating to insurance coverage.

Appendices to the KFD include templates related to outsourcing arrangements, ownership structure, organisational structure, proposed pre-approval control function (**PCF**) role holders and Board members and staffing arrangements.

Central Bank expectations regarding approach to the authorisations process

During and following the authorisation process the Central Bank expects:

- **Transparency:** CASP applicant firms should be fully transparent about all MiCAR activity they intend to undertake, both in the short term and, as far as possible, in the medium to long term if their intent is to enter new markets.
- **Pre-application stage engagement:** The applicant firm should consider all items discussed and feedback provided during the pre-application engagement and make any changes required to meet the Central Bank's expectations prior to submitting the KFD. During the KFD process, potential applicant firms should expect engagement with the Central Bank to address any questions and provide any clarifications sought on the proposal.
- **Constructive and timely engagement:** During this process, the applicant firm should engage constructively and in a timely manner with the CASP Authorisation Team.
- **Formal application:** At the conclusion of the KFD stage, the Central Bank may provide feedback on further elements of the proposal that the Central Bank will require the applicant firm to consider and reflect in the formal application; or the Central Bank may provide the applicant firm with feedback on material item(s) which it deems necessary for the applicant firm to consider and address before the applicant firm submits a formal application. Where applicant firms require further work to progress to the formal application stage, the Central Bank commits to providing clear and specific feedback to the applicant firm in line with its commitment to providing an open and transparent application process.
- **Sufficient detail:** The KFD must provide sufficient detail to enable the Central Bank to identify any potential issues or concerns that may impede the progression of a proposed application.
- **Knowledge:** The applicant firm should fully understand the relevant governing legislation, regulatory definitions, regulatory guidelines, and regulatory technical standards applying to CASPs prior to submitting a KFD. If appropriate, applicant firms are advised to seek professional advice from subject matter experts to assist in this stage of the authorisation process.

For access to our suite of articles and briefings on MiCAR and authorisation as a CASP in Ireland, please visit our dedicated MiCAR hub [here](#).

How we can help

William Fry's Band-1-ranked Financial Regulation team is currently supporting several firms with their CASP applications. The team has a strong track record of successfully and efficiently securing regulatory authorisations and registrations for a wide range of regulated FinTechs, including virtual asset service providers, payment institutions, crowdfunding service providers, and one-third of the electronic money institutions authorised in Ireland to date.

Contact Us

If you are considering applying for authorisation under the MiCAR regime, please contact [Shane Kelleher](#), [Louise McNabola](#), or your usual William Fry contact.

Contributed by [Jane Balfe](#).