

## DECREE

of 22 December 2021

### on applications and notifications to perform activities pursuant to the Payment System Act

The Czech National Bank determines, pursuant to Article 263 of Act No 370/2017 Coll., on payments (the “Act”), for the implementation of Article 10(4), Article 11(2), Article 18(6), Article 27(4), Article 28(3), Article 29(4), Article 33(5), Article 34(2), Article 38(2), Article 43(3), Article 44(2), Article 51(4), Article 52(2), Article 55(2), Article 60(3), Article 61(2), Article 69(4), Article 70(2), Article 76(6), Article 86(4), Article 87(3), Article 88(4), Article 92(5), Article 93(2), Article 96(2), Article 101(3) and Article 102(2) of the Act:

#### Article 1

##### Subject of regulation

(1) This Decree incorporates the relevant regulation of the European Union<sup>1)</sup> and regulates the details

- a) of applications to grant
  1. a payment institution licence,
  2. a payment account information administrator licence,
  3. a small-scale payment service provider licence,
  4. an electronic money institution licence,
  5. a small-scale electronic money issuer licence,
- b) of applications to extend authorizations pursuant to letter (a)(1) and (3) to (5),
- c) of applications by a payment institution, electronic money institution or payment account information administrator for consent to the provision of payment services in a host Member State through a branch or authorized agent,
- d) of notifications
  1. of a change to information given in an application pursuant to letters (a) to (c),
  2. of an intention to acquire, increase, give up or reduce a qualifying holding in a payment institution or an electronic money institution, or to control or cease to control them,
  3. of an authorized agent of a payment institution

or electronic money institution,

4. of a change to the information indicated in the notification of an authorized agent of a payment institution or electronic money institution,
5. of an intention to entrust to another person the performance of some operating activities of a payment institution or an electronic money institution,
6. of an intention of a payment institution, electronic money institution or payment account information administrator to perform activities in a host Member State other than through a branch or authorized agent.

(2) This Decree further regulates the formats for applications and notifications pursuant to paragraph (1).

#### Article 2

##### Definition of terms

For the purposes of this Decree,

- a) a certificate of integrity issued by a foreign State means a document similar to an extract from the criminal records no older than 3 months, issued by the foreign State
  1. of which the natural person who is the subject of the document is a citizen, as well as by a foreign State in which this natural person was continuously resident for over 6 months in the past 3 years, or
  2. in which the legal person that is the subject of the document has or had its registered office in the past 3 years, as well as by a foreign State in which the legal person has or had a business establishment or branch, or carried out its activities, or had assets in the past 3 years, where the legislation of that foreign State governs the criminal liability of legal persons,
- b) information to assess trustworthiness means the personal number, birth and original surname, date

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<sup>1)</sup> Art. 5(1), (4) and (5), Art. 11(3), (4) and (6) to (8), Art. 32(2), Art. 33 and Art. 111(1) of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market,

amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC.

and place of birth, nationality, certificate of integrity issued by a foreign State, and information and documents on the person's previous activities for the last 10 years, in particular regarding

1. the imposition of an administrative penalty in connection with employment, function, or business activity,
2. any decision on bankruptcy or the rejection of an insolvency petition for lack of assets,
3. the suspension or withdrawal of authorization for business or other activity; this does not apply where it was made on the basis of an application by the person holding the authorization and the application was not submitted at a time when the procedure for suspending or withdrawing the authorization to conduct business activities was already underway,
4. the refusal of approval by a court or administrative authority with the election, appointment, or other designation to a function, or with the acquisition of a qualifying holding, an increase in a qualifying holding, or with the controlling of a person, where such approval was required,
5. the imposition of a disciplinary penalty or expulsion from a professional chamber, alliance or association of persons operating on the financial market, or the imposition of a disciplinary penalty by such association,
6. the termination of employment or similar relationship by the employer, dismissal from office or dismissal from employment connected with asset management or from a similar position, and
7. an assessment of trustworthiness already performed by another authority, where performed, and the indication of that authority, the date of the assessment, and the outcome of the assessment,

c) financial statements means

1. annual reports and financial statements or annual reports and financial statements certified by an auditor, where required by the Accounting Act, for the last 3 accounting periods, or for the period during which the applicant or notifier carries out business activities where this period is shorter than 3 accounting periods, or a summary overview of the applicant's financial situation where no financial statements have yet been prepared by the applicant,
2. evidence of income, assets and debts for the last 3 years in the case of a natural person, and

3. consolidated annual reports and financial statements or consolidated annual reports and financial statements certified by an auditor, where required by the Accounting Act, for the period pursuant to point (1), where the applicant or notifier is part of a consolidated whole,

d) identification details means

1. in the case of a legal person or a natural person engaged in business, the company name or name, registered office and identification number of the person, where assigned, and
2. in the case of a natural person not engaged in business, the name and personal number or, where not assigned, the date of birth and residence address,

e) information about sensitive payment data means a description of the registration, recording and monitoring of sensitive payment data pursuant to Article 2(3)(n) of the Act and the management of access to them, containing

1. a description of the flows of sensitive payment data within the framework of the applicant's business model,
2. a description of the tools for monitoring access to sensitive payment data,
3. a description of the procedures for managing access to sensitive payment data,
4. the access rights policy with a detailed description of access to the relevant infrastructure components, systems and applications, including databases and backup infrastructure,
5. a description of the method of recording and storing data where the applicant does not intend to provide only the indirect payment order service,
6. the anticipated internal or external use of the data collected, including counterparties, where the applicant does not intend to provide only the indirect payment order service,
7. a description of the security measures employed in information systems and communications technologies, including encryption or tokenization,
8. information about divisions, departments or other similar sections (hereinafter a "section"), persons, bodies and committees with access to sensitive payment data,
9. a description of how breaches of the protection of sensitive payment data will be detected and addressed, and

10. a description and timetable of annual internal measures relating to controls of the security of information and communications technology systems,
- f) information about the organizational structure of the applicant means a description of the organizational structure and related documents, containing
1. a detailed organizational chart showing each section of the applicant and a description of the responsibilities of each section,
  2. the expected number of employees in the first 3 accounting periods of the provision of services pursuant to the Act,
  3. an indication of the operating activities the applicant intends to entrust to another person and, for each of these activities, a description of the measures taken for the performance of these activities by such other person, containing the identification details of the persons to whom the applicant intends to entrust the performance of operating activities and the place of performance of such activities, an indication of the personnel directly responsible for the management and control of the operating activities entrusted to another person and their inclusion in the applicant's organizational structure, and a description of the operating activities and their scope,
  4. contracts or draft contracts with other persons to whom the applicant intends to entrust the performance of significant operating activities,
  5. a description of the use of branches and authorized agents, including a description of the information and communications technology systems and infrastructures used by the authorized agents to perform payment services or issue electronic money, a description of the personnel selection policy for authorized agents and the criteria chosen for assessment of their trustworthiness and professional competence, procedures and training, and the methods for storing data about such authorized agents, and
  6. information about the payment systems to which the applicant has or intends to have access, with an indication of that fact, or that it operates itself,
- g) information about the collection of statistical data means a description of the statistical data collection system and a description of the principles and definitions used for the collection of statistical data on performance, payment transactions and fraud in the field of payments, containing
1. the type of data collected concerning payment service users or holders of electronic money, the type of payment service, the issuance of electronic money, distribution channels, payment instruments, countries and currencies,
  2. the scope of data collection with regard to the relevant activities and persons, branches and authorized agents,
  3. the method of statistical data collection,
  4. the purpose of statistical data collection, and
  5. the frequency of statistical data collection,
- h) description of security procedures means a description of the procedures for monitoring security, addressing security and operating incidents in the field of payments and for taking related measures, including
1. the organizational measures and tools to prevent fraud,
  2. information about the sections responsible for providing assistance to electronic money holders or payment service users in the case of security and operating incidents, fraud or technical problems, and the identification details of the directors of such sections,
  3. internal and external methods for reporting fraud,
  4. procedures for reporting security and operating incidents and for assessing such incidents in terms of their severity, including procedures for reporting serious security and operating incidents pursuant to Article 221 of the Act,
  5. security monitoring tools and measures in place to mitigate security and operating risks, including procedures for identifying, recording, analyzing, and detecting causes and implementing follow-up measures to correct technical problems, and the tools that support such procedures,
- i) description of measures to ensure continuity means a description of measures to ensure the smooth performance of activities and the continued operation of the applicant, containing
1. an analysis of the impacts on the business activity by assessing its exposure to, and the potential impacts of, serious disruptions to activity, including business processes and objectives for the recovery of activity, such as the deadline by which the system or process must be restored after an

- disruption, the maximum period for which data loss is acceptable where of an disruption, and a list of significant assets,
2. identification of the backup system, access to the information and communications technologies infrastructure, key software and data to be restored following an accident or disruption of activity,
  3. a description of the resolution of a major business continuity and disruption event, such as a failure of critical systems, loss of key data, inaccessibility of an establishment and loss of key persons,
  4. information about the frequency with which the applicant intends to test plans to ensure the smooth performance of activities and the continued functioning of the applicant and disaster recovery, including how the results of such tests will be documented,
  5. a description of the impact-mitigation measures to be taken by the applicant in cases of the termination of provision of payment services or issuance of electronic money, ensuring the execution of outstanding payment transactions and the termination of existing obligations from contracts with users and holders, and
  6. the rules for the representation of directors and persons with key functions,
- j) description of measures against money laundering and the financing of terrorism means a description of the internal control mechanisms the applicant has put in place or will put in place to comply with obligations in this area, and the related analyses and measures, containing
1. an assessment by the applicant of the risks related to the fight against money laundering and the financing of terrorism associated with the applicant's business activity, including risks related to the applicant's client base, business relationships, products and services provided, distribution channels used, and geographical areas of activity,
  2. the measures that the applicant has put in place or will put in place to mitigate risks and to comply with relevant obligations in the fight against money laundering and the financing of terrorism, including the process of assessing the effectiveness of such measures by the applicant, strategies and procedures to meet customer due diligence requirements, and strategies and procedures to detect and report suspicious transactions,
  3. the systems and controls the applicant has put in place or will put in place to ensure that the applicant's branches and authorized agents comply with their obligations in the fight against money laundering and the financing of terrorism, including cases where the authorized agent or branch is located in another State,
  4. the measures the applicant has put in place or will put in place to ensure that staff and authorized agents have expert training in the fight against money laundering and the financing of terrorism,
  5. the identification details of the authorized person in the field of the fight against money laundering and the financing of terrorism, and documents demonstrating that their expertise in the field of the fight against money laundering and the financing of terrorism is sufficient to effectively meet obligations in this field,
  6. the systems and controls the applicant has put in place or will put in place to ensure the timeliness, effectiveness and appropriateness of measures in the fight against money laundering and the financing of terrorism, and
  7. the systems and controls that the applicant has put in place or will put in place to ensure that authorized agents do not expose the applicant to high risks in the area of money laundering and the financing of terrorism,
- k) employee means a natural person in a basic employment or similar relationship with another person, or a natural person who is a director of a legal person,
- l) regulated institution means a person whose object of activity is an activity similar to an activity carried out on the financial market in the Czech Republic and subject to authorization by the Czech National Bank, where such person has its registered office in another Member State and is subject to supervision in the State of its registered office,
- m) information about persons having close links means
1. the identification details of each person with close links; where a person with close links is a person with their registered office in another State, an indication of whether they are a person authorized by the supervisory authority of another State to act as a regulated institution or whether they are a controlling person of such person and, where the person with close links is a person established in a State which is not a Member State, also evidence that the laws of that

State and the manner in which they are applied, including their enforceability, do not prevent the effective exercise of supervision over the applicant,

2. a description of the structure of the group and the method of interconnection, with a graphical representation of the relations between the various closely related persons, indicating the subject of their activities, and
  3. if the person with close links is a legal person, the identification details of the 10 largest members by share of voting rights, or of all the members where the legal person has fewer than 10 of them, and the percentage of their share of voting rights,
- n) information about professional practice means a set of data which, for each activity carried out as an independent business, activity in an employment relationship, or an activity of a similar nature, contains
1. information about the type of professional practice,
  2. identification details of the person at which the professional practice is or was performed,
  3. the job description and, where the practice is important for activity on the financial market, also a description of the activity performed, including the scope of the powers and responsibilities associated with this activity and the number of managed persons,
  4. a definition of the period for which the activity pursuant to point 3 was performed, and
  5. agreement with the performance of the work required by other legislation, where such agreement was necessary,
- o) information about education
1. the name and type of educational institution, the study program, the focus of the study program, the standard duration of the study program, the method and date of termination of studies, potentially any academic titles obtained, and
  2. an overview of professional examinations, courses, internships, and study stays undertaken and relevant for activity on the financial market, with an indication of the year in which they were undertaken, and their focus.

(Re Article 10(4) of the Act)

The details of this application are

- a) the identification details of the applicant, and
  1. if the applicant is a legal person that has not yet been established, the founding legal act,
  2. the head office of the applicant, where different from the registered office,
  3. the e-mail address and website of the applicant, where available, and
  4. information about whether the applicant is a regulated institution,
- b) a plan of activities, containing the information pursuant to Annex No 1 to this Decree,
- c) a business plan, containing the information pursuant to Annex No 2 to this Decree,
- d) information about the organizational structure of the applicant,
- e) documents to demonstrate the initial capital, containing statements issued by a credit institution for accounts opened pursuant to the accounting schedule with current balances of items constituting initial capital or other similar records showing the initial capital of the applicant; where the applicant is a legal person that has not yet been established, it will submit an account statement demonstrating the existence of the funds intended for the initial capital,
- f) if the applicant is to be entrusted with funds to conduct payment transactions pursuant to Article 22(1) of the Act, the account contract or draft contract pursuant to Article 22(1)(b) of the Act or other document demonstrating the will of the parties to conclude such a contract, and a description of the measures to protect the funds, containing
  1. a description of how separate recordkeeping will be ensured within the meaning of Article 22(1)(a) of the Act,
  2. identification of the form of protection of funds pursuant to Article 22(1)(b) of the Act,
  3. depending on the chosen form of protection of funds pursuant to point (2), the determination of persons, their functions and job titles within the organizational structure of the applicant with access to accounts pursuant to Article 22(1)(b) of the Act, or a description of the investment policy to ensure the liquidity, security and low risk of the selected assets, and
  4. a description of the management and reconciliation process to ensure that payment

### Article 3

#### **Application for authorization as a payment institution**

service users' funds are protected from claims by other creditors,

- g) if the entrusted funds of users are to be protected by the conclusion of an insurance contract or the provision of comparable collateral pursuant to Article 22(2) of the Act, the insurance contract or draft insurance contract pursuant to Article 22(3) of the Act, or another document demonstrating the will of the parties to conclude such a contract or a proposal for comparable collateral pursuant to Article 22(4) of the Act, and a description of the measures to protect funds, containing
  1. confirmation that the insurance contract or comparable collateral has not been concluded with a person in the same group as the applicant, and
  2. a description of the process to ensure that the payment service users' right to indemnity from the insurance contract or comparable collateral corresponds to the right to issue entrusted funds for the execution of a payment transaction,
- h) a description of the security procedures,
- i) information about sensitive payment data,
- j) a description of the continuity measures,
- k) information about the collection of statistical data,
- l) a description of measures in the fight against money laundering and the financing of terrorism, and a guide for measures in the fight against money laundering and the financing of terrorism for the applicant's staff,
- m) information about persons having close links,
- n) information about persons with a qualifying holding in the applicant and persons who, acting in concert with another person, achieve a qualifying holding in the applicant, and the controlling person pursuant to Annex No 3 to this Decree,
- o) information about directors pursuant to Annex No 4 to this Decree,
- p) a description of the internal governance and internal control mechanisms pursuant to Annex No 5 to this Decree,
- q) the internal regulation or internal regulations containing information for the assessment of compliance with the requirements for risk assessment, control and security measures, and about information and communications systems pursuant to Annex No 6 to this Decree,
- r) identification details of the auditor who carries out the statutory audit of the applicant pursuant to the

Act on Auditors,

- s) if the applicant intends to carry out the activities pursuant to Article 17 of the Act, an insurance contract, draft insurance contract or a document demonstrating the intention of an insurance company to conclude such a contract at the latest at the moment of commencement of the payment institution's activities, or a document of a similar nature on the provision of a guarantee pursuant to Article 9(1)(d) and Article 17(1) and (2) of the Act, and the input data and method of calculating the minimum insurance indemnity limit from professional liability insurance or the minimum amount of comparable collateral, including the value of the risk profile indicator, the activity type indicator and the activity scope indicator pursuant to the decree regulating certain conditions of activity of persons authorized pursuant to the Act, where the applicant intends to perform the indirect payment order service or payment account information service, and
- t) the name of the association of persons providing payment services or other similar associations of which the applicant is a member or of which they will soon become a member.

#### Article 4

#### **Notification of a change to the information given in an application for authorization as a payment institution**

(Re Article 11(2) of the Act)

Notification of a change to the information given in an application to operate a payment institution will contain the information that will be changed, supplemented with the updated information pursuant to Article 3 affected by such change, depending on the nature of the change.

#### Article 5

#### **Application to expand the scope of payment services of a payment institution**

(Re Article 10(4) and Article 11(2)  
in conjunction with Article 14 of the Act)

An application by a payment institution to expand the scope of payment services will contain an indication of the activity that is the subject of the application, supplemented with updated information pursuant to Article 3.

#### Article 6

#### **Application for authorization as**

## **a payment account information administrator**

(Re Article 43(3) of the Act)

The details of this application are

- a) the identification details of the applicant, and
  1. if the applicant is a legal person that has not yet been established, the founding legal act,
  2. if the applicant is a natural person, a curriculum vitae containing information about their education and professional experience,
  3. the head office of the applicant, where different from the registered office,
  4. the e-mail address and website of the applicant, where available,
  5. information about whether the applicant is a regulated institution, and
  6. information necessary to obtain an extract from the Criminal Register and, where applicable, a certificate of integrity issued by a foreign State or an extract from the Criminal Register<sup>2</sup>),
- b) a plan of activities, containing the information pursuant to Annex No 1 to this Decree,
- c) a business plan, containing the information pursuant to Annex No 2 to this Decree,
- d) information about the organizational structure of the applicant,
- e) a description of the security procedures,
- f) where the applicant intends to handle sensitive payment data, information about such sensitive payment data,
- g) information about the collection of statistical data,
- h) a description of the continuity measures,
- i) information about directors pursuant to Annex No 4 to this Decree,
- j) a description of the internal governance and internal control mechanisms pursuant to Annex No 5 to this Decree,
- k) the internal regulation or internal regulations containing information for the assessment of compliance with the requirements for risk assessment, control and security measures, and on information and communications systems pursuant to Annex No 6 to this Decree,
- l) an insurance contract, draft insurance contract or a document demonstrating the intention of an insurance company to conclude such a contract at the latest at the moment of commencement of the payment account information administrator's activities, or a document of a similar nature on the

provision of a guarantee pursuant to Article 42(1)(c) and Article 46(1) and (2) of the Act, and the input data and method of calculating the minimum insurance indemnity limit from professional liability insurance or the minimum amount of comparable collateral, including the value of the risk profile indicator, the activity type indicator and the activity scope indicator pursuant to the decree regulating certain conditions of activity of persons authorized pursuant to the Act, and

- m) the name of the association of persons providing payment services or other similar associations of which the applicant is a member or of which they will soon become a member.

## Article 7

### **Notification of a change to the information given in an application**

#### **for authorization as a payment account information administrator**

(Re Article 44(2) of the Act)

Notification of a change to the information given in an application to operate a payment account information administrator will contain the information that will be changed, supplemented with the updated information pursuant to Article 6 affected by such change, depending on the nature of the change

## Article 8

### **Application for authorization as a small-scale payment service provider**

(Re Article 60(3) of the Act)

The details of this application are

- a) the identification details of the applicant, and
  1. if the applicant is a legal person that has not yet been established, the founding legal act,
  2. the address of the head office, where different from the registered office, and where the applicant has its registered office and head office in another Member State, also the address of the branch in the Czech Republic, an extract from a register similar to the Commercial Register, which must not be older than 3 months, and the founding legal act,
  3. the e-mail address and website of the applicant, where available, and
  4. information about whether the applicant is a

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<sup>2</sup>) Article 13(2) and (3) of Act No 269/1994 Coll., on the

criminal register, as amended.

- regulated institution,
- b) a plan of activities, containing the information pursuant to Annex No 1 to this Decree,
  - c) a business plan, containing the information pursuant to Annex No 2 to this Decree,
  - d) if the applicant is to be entrusted with funds to conduct payment transactions pursuant to Article 22(1) of the Act, documents and information pursuant to Article 3(f),
  - e) if the entrusted funds of users are to be protected by the conclusion of an insurance contract or the provision of comparable collateral pursuant to Article 22(2) of the Act, documents and information pursuant to Article 3(g),
  - f) information about the organizational structure of the applicant,
  - g) a description of the security procedures,
  - h) information about sensitive payment data,
  - i) information about the collection of statistical data in the field of security and operating risks,
  - j) a description of the continuity measures,
  - k) in the case of a natural person, information necessary to obtain an extract from the Criminal Register and, where applicable, a certificate of integrity issued by a foreign State or an extract from the Criminal Register<sup>2</sup>),
  - l) a statement by the applicant that there is no evidence of any obstacle to the pursuit of the trade pursuant to the legislation governing the conduct of trade license business,
  - m) the identification details of persons with qualifying holding in the applicant, the persons who, acting in concert with another person, achieve a qualifying holding in the applicant, and the controlling person and, for each such person, information or documents pursuant to letter (k) and information about the share in the registered capital or of the voting rights expressed as a percentage and an absolute value, or a description of another form of exercise of significant influence over the management of the applicant,
  - n) the identification details of the directors and, for each such person, the data or documents pursuant to letter (k),
  - o) a description of the internal governance and internal control mechanisms pursuant to Annex No 5 to this Decree,
  - p) the internal regulation or internal regulations containing information for the assessment of compliance with the requirements for risk

assessment, control and security measures, and on information and communication systems pursuant to Annex No 6 to this Decree,

- q) documents about the initial capital and documents demonstrating the origin of the applicant's financial resources where the applicant intends, as part of the activities pursuant to Article 8(1)(b) the Act, to provide consumer credit pursuant to the Consumer Credit Act, and
- r) the name of the association of persons providing payment services or other similar associations of which the applicant is a member or of which they will soon become a member.

#### Article 9

#### **Notification of a change to the information given in an application for authorization as a small-scale payment service provider**

(Re Article 61(2) of the Act)

Notification of a change to the information given in an application to operate a small-scale payment service provider will contain the information that will be changed, supplemented with the updated information pursuant to Article 8 affected by such change, depending on the nature of the change.

#### Article 10

#### **Application to expand the scope of payment services of a small-scale payment service provider**

(Re Article 60(3) and Article 61(2) in conjunction with Article 64 of the Act)

An application by a small-scale payment service provider to expand the scope of payment services will contain the activity that is the subject of the application, supplemented with updated information pursuant to Article 8, which is impacted by the change in the scope of activity.

#### Article 11

#### **Application for authorization as an electronic money institution**

(Re Article 69(4) of the Act)

The details of this application are

- a) the identification details of the applicant, and
  1. if the applicant is a legal person that has not yet been established, the founding legal act,
  2. the head office, where different from the registered office, and
  3. the e-mail address and website of the applicant,



where available,

- b) a plan of activities, containing the information pursuant to Annex No 1 to this Decree,
- c) a business plan, containing the information pursuant to Annex No 2 to this Decree,
- d) information about the organizational structure of the applicant,
- e) information about persons having close links,
- f) documents to demonstrate the initial capital containing statements issued by the credit institution for accounts opened pursuant to the accounting schedule with current balances of items constituting initial capital or other similar records showing the initial capital of the applicant; where the applicant is a legal person that has not yet been established, it will submit an account statement demonstrating the existence of the funds intended for the initial capital,
- g) if the applicant is to be entrusted with funds to conduct a payment transaction pursuant to Article 80(1) of the Act, the account contract or draft contract pursuant to Article 80(1)(b) of the Act or other document demonstrating the will of the parties to conclude such a contract and a description of the measures to protect the funds, containing
  - 1. a description how separate recordkeeping is ensured within the meaning of Article 80(1)(a) of the Act,
  - 2. identification of the form of protection of funds pursuant to Article 80(1)(b) of the Act,
  - 3. depending on the chosen form of protection of funds pursuant to point (2), the determination of persons, their functions and job title within the organizational structure of the applicant with access to accounts pursuant to Article 80(1)(b) of the Act, or a description of the investment policy to ensure the liquidity, security and low risk of the selected assets, and
  - 4. a description of the management and reconciliation process to ensure the requirement that the funds of electronic money service users or payment service users are protected from claims by other creditors,
- h) if the entrusted funds of users are to be protected by the conclusion of an insurance contract or the provision of comparable collateral pursuant to Article 80(2) of the Act, the insurance contract or draft insurance contract pursuant to Article 80(3) of the Act or another document demonstrating the will of the parties to conclude such a contract or a proposal for comparable collateral pursuant to Article 80(4) of the Act, and a description of the measures to protect the funds, containing
  - 1. confirmation that the insurance contract or comparable collateral has not been concluded with a person in the same group as the applicant, and
  - 2. a description of the process to ensure the requirement that the right of electronic money holders and potentially of payment service users to indemnity from the insurance contract or comparable collateral corresponds to the right to the issue of entrusted funds for the execution of a payment transaction,
    - i) a description of the security procedures,
    - j) information about sensitive payment data,
    - k) a description of the continuity measures,
    - l) information about the collection of statistical data,
    - m) a description of measures in the fight against money laundering and the financing of terrorism and a guide for measures in the fight against money laundering and the financing of terrorism for the applicant's staff,
    - n) information about persons with a qualifying holding in the applicant and persons who, acting in concert with another person, achieve a qualifying holding in the applicant, and the controlling person, including information pursuant to Annex No 3 to this Decree,
    - o) information about directors pursuant to Annex No 4 to this Decree,
    - p) a description of the internal governance and internal control mechanisms pursuant to Annex No 5 to this Decree,
    - q) the internal regulation or internal regulations containing information for the assessment of compliance with the requirements for risk assessment, control and security measures, and on information and communication systems pursuant to Annex No 6 to this Decree,
    - r) identification details of the auditor who carries out or will carry out the statutory audit of the applicant pursuant to the Act on Auditors,
    - s) if the applicant intends to carry out the activities pursuant to Article 75 of the Act, an insurance contract, draft insurance contract or a document demonstrating the intention of an insurance company to conclude such a contract at the latest at the moment of commencement of the electronic money institution's activities, or a document of a similar nature on the provision of a guarantee

pursuant to Article 68(1)(d) and Article 75(1) and (2) of the Act, and the input data and method of calculating the minimum insurance indemnity limit from professional liability insurance or the minimum amount of comparable collateral, including the value of the risk profile indicator, the activity type indicator and the activity scope indicator pursuant to the decree regulating certain conditions of activity of persons authorized pursuant to the law, where the authorization of the electronic money institution should apply to the indirect payment order service or payment account information service, and

- t) the name of the association of persons providing payment services or other similar associations of which the applicant is a member or of which they will soon become a member.

#### Article 12

### **Notification of a change to the information given in an application for authorization as an electronic money institution**

(Re Article 70(2) of the Act)

Notification of a change to the information given in an application to operate an electronic money institution will contain the information that will be changed, supplemented with the updated information pursuant to Article 11 affected by such change, depending on the nature of the change.

#### Article 13

### **Application to expand the scope of payment services of an electronic money institution**

(Re Article 69(4) and Article 70(2))

in conjunction with Article 73 of the Act)

The details of an application by an electronic money institution to expand the scope of payment services that do not relate to electronic money means an indication of the activity that is the subject of the application, supplemented with updated information pursuant to Article 11.

#### Article 14

### **Application for authorization as a small-scale electronic money issuer**

(Re Article 101(3) of the Act)

The details of this application are

- a) the identification details of the applicant, and
1. if the applicant is a legal person that has not yet been established, the founding legal act,
  2. the address of the head office, where different from the registered office, and where the applicant has its registered office and head office in another Member State, also the address of the branch in the Czech Republic, an extract from a register similar to the Commercial Register, which must not be older than 3 months, and the founding legal act,
  3. the e-mail address and website of the applicant, where available, and
  4. information about whether the applicant is a regulated institution,
- b) a plan of activities, containing the information pursuant to Annex No 1 to this Decree,
- c) a business plan, containing the information pursuant to Annex No 2 to this Decree,
- d) if the applicant is to be entrusted with funds to conduct payment transactions pursuant to Article 80(1) of the Act, a description of measures to protect the funds pursuant to Article 11(j),
- e) if the entrusted funds of users are to be protected by the conclusion of an insurance contract or the provision of comparable collateral pursuant to Article 80(2) of the Act, a description of measures to protect the funds pursuant to Article 11(h),
- f) information about the organizational structure of the applicant,
- g) a description of the security procedures,
- h) information about sensitive payment data,
- i) information about the collection of statistical data in the field of security and operating risks,
- j) a description of the continuity measures,
- k) in the case of a natural person, information necessary to obtain an extract from the Criminal Register and, where applicable, certificate of integrity issued by a foreign State or an extract from the Criminal Register<sup>2)</sup>,
- l) a statement by the applicant that there is no evidence of any obstacle to the pursuit of the trade pursuant to the legislation governing the conduct of trade license business,
- m) the identification details of the persons with qualifying holding in the applicant, the persons who, acting in concert with another person, achieve a qualifying holding in the applicant, and the

- controlling person and, for each such person, information or documents pursuant to letter (k) and information about the share in the registered capital or of the voting rights expressed as a percentage and an absolute value, or a description of another form of exercise of significant influence over the management of the applicant,
- n) the identification details of the management staff and, for each such person, the data or documents pursuant to letter (k),
  - o) a description of the internal governance and internal control mechanisms pursuant to Annex No 5 to this Decree,
  - p) the internal regulation or internal regulations containing information for the assessment of compliance with the requirements for risk assessment, control and security measures, and on information and communication systems pursuant to Annex No 6 to this Decree,
  - q) documents about the amount of initial capital and documents demonstrating the origin of the applicant's financial resources where the applicant intends, as part of the activities pursuant to Article 67(1)(b) the Act, to provide consumer credit pursuant to the Consumer Credit Act, and
  - r) the name of the association of persons providing payment services or other similar associations of which the applicant is a member or of which they will soon become a member.

#### Article 15

### **Notification of a change to the information given in an application for authorization as a small-scale electronic money issuer**

(Re Article 102(2) of the Act)

Notification of a change to the information given in an application to operate a small-scale electronic money issuer will contain the information that will be changed, supplemented with the updated information pursuant to Article 14 affected by such change, depending on the nature of the change.

#### Article 16

### **Application to expand the scope of payment services of a small-scale electronic money issuer**

(Re Article 101(3) and Article 102(2) in conjunction with Article 105 of the Act)

The details of an application to expand the scope of

payment services that do not relate to electronic money means an indication of the activity that is the subject of the application for expansion, supplemented with updated information pursuant to Article 14, which are impacted by the change in the scope of activity.

#### Article 17

### **Notification of an intention to acquire or increase a qualifying holding in a payment institution, or electronic money institution, or to control it**

(Re Article 18(6) and Article 76(6) of the Act)

(1) A notification by the applicant of the intention to acquire or increase a qualifying holding by reaching or exceeding 20%, 30% or 50% in a payment institution or electronic money institution, or to take control of these persons, will include

- a) identification details about the person in whom the qualifying holding is to be acquired or increased, or that should be controlled,
- b) information about the existing, newly acquired and resulting share of the person that intends to acquire or increase the qualifying holding in the person pursuant to letter (a), or to control it, in the registered capital or the voting rights expressed as a percentage and as an absolute value, including whether the holding is acquired directly or indirectly; in the case of an indirect share, an indication of the person through whom the share is acquired,
- c) a description of the structure of the group of which the person pursuant to letter (a) is a part, indicating the persons who, within the group, fall within the scope of supervision on a consolidated basis,
- d) the identification details of the applicant,
- e) the strategic plan for involvement, which is a set of documents that include
  1. the period for which a qualifying holding is to be held or for which the payment institution or electronic money institution is to be controlled,
  2. anticipated changes in the size of the qualifying holding in the short and long term,
  3. the expected level and method of involvement in the management of the payment institution or electronic money institution,
  4. the expected support of the payment institution or electronic money institution through its own resources, where this is necessary to develop activities or to address a worsened financial situation,

5. information about whether an agreement has been or should be concluded on the promotion of common shares with another partner of the payment institution or electronic money institution, and
  6. anticipated changes in the activities of the payment institution or electronic money institution in the short and long term, in the method of financing further development, in the dividend distribution policy, in the method of distributing funds and the loss settlement policy, as well as the anticipated changes in the management and control system, in the strategic development and staffing with directors; the strategic plan for involvement will include this information only where the qualifying holding should exceed a 20% share of the registered capital or voting rights of the payment institution or electronic money institution,
- f) information for assessing the trustworthiness of the applicant,
  - g) if the applicant is a natural person, a curriculum vitae containing information about professional experience and education,
  - h) an extract from the Commercial Register or other similar register of entrepreneurs, not over 3 months old, where the applicant is a legal person or natural person engaged in business,
  - i) a statement by the applicant as to whether
    1. they hold or will acquire a share constituting a qualifying holding in their own name and on their own account,
    2. they exercise or will exercise voting rights in the person to whom the qualifying holding relates for the benefit of a third party,
    3. they have transferred or intend to transfer, based on a concluded contract or other arrangement, such voting rights to another person,
    4. there exists, or should exist in the future, a fact based on which they are or will become a controlled person,
    5. they are acting or will act in concert with another person to whom the exercise of voting rights in the person to whom the qualifying holding relates has been transferred, or who exercises or intends to exercise significant influence over the management of such person, and
    6. they have debts exceeding 5% of their registered capital or assets; this applies mutatis mutandis for sureties, guarantees and other liabilities from which such debts may arise,
- j) an overview of the legal persons regarding which the applicant is a controlling person or a person exerting a significant influence on the management of such legal person, and for each of these legal persons identification details, its subject of activity, and data on the amount of the share, or a description of another form of exercise of significant influence on the management of this legal person, and an overview of the functions performed in elected bodies and functions to which the applicant has been appointed or otherwise designated, in other legal persons, over the last 10 years, and for each of these legal persons identification details, subject of activity and designation of the function performed by the applicant and the period of its performance in this legal person,
  - k) a description of the financial and personnel relations of the applicant and persons close to them to the person pursuant to letter (a) and, where applicable, to the members of the group to which that person belongs, to the directors of that person, to the other partners or members of that person, and to the legal person that controls that person,
  - l) the applicant's financial statements and other documents demonstrating the origin of the funds to cover the acquisition or increase of a qualifying holding, which include details of the use of private financial resources, access to financial markets, the applicant's financial agreement with a person other than the applicant's partner, and the use of borrowed funds and data on loans granted,
  - m) the supervisory authority supervising regulated institutions in the State of the registered office of the applicant, where it is a regulated institution, and any assessment of trustworthiness carried out by that authority and the outcome of such assessment,
  - n) if the applicant is a legal person, the identification details of the 10 largest members by share of voting rights, or of all the members where the legal person has fewer than 10 of them, and the percentage of their share in the voting rights where they have not already been indicated pursuant to letter (j),
  - o) an analysis of whether the given qualifying holding will affect the applicant's ability to provide timely and accurate information to the competent authorities, including whether this is because of the given person's close links with the applicant,
  - p) information about persons with close links that make

up a group of which the person pursuant to letter (a) should become part after the acquisition or increase in the qualifying holding by the applicant; where a person with close links is a person with registered office in a State that is not a Member State, also an analysis of whether the legislation of that State and the method of its application, including the enforceability of the law, prevents effective supervision over a payment institution or electronic money institution,

- q) links to politically exposed persons,
- r) if the applicant is a legal person, a list of directors and for each director the data pursuant to Annex No 4 to this Decree,
- s) where the applicant is a legal person having its registered office in another Member State, the founding documents or a summary explanation of the main legal features of the legal form,
- t) if the applicant has its registered office in a State that is not a Member State,

1. basic information regarding the regulatory system in the State of the registered office of the applicant to which it is subject, and information about whether and to what extent regulation for the prevention of money laundering and the financing of terrorism is in accordance with the recommendations of the Financial Action Task Force, and

2. the opinion of the competent authority supervising the applicant, where the applicant is a person with a subject of business similar to that of a regulated institution, on the applicant's intention to invest in the activities of the person pursuant to letter (a) in the Czech Republic and on the possible exchange of information necessary for the supervision of that person, and

- u) where a qualifying holding is to be acquired by an entity without legal personality, the identity of the persons managing the assets and of the beneficiaries or subscribers, and the founding and management documents for the entity, including its investment policy.

(2) An applicant that is a regulated institution may, in order to assess trustworthiness pursuant to paragraph 1(f) and pursuant to letter (b) of Annex No 4 to this Decree, submit confirmation to the supervisory authority supervising the regulated institution that it is a person subject to its supervision whose trustworthiness has been verified by that authority and that it has no current knowledge indicating its untrustworthiness.

(3) If, in connection with the acquisition or increase of a qualifying holding in a payment institution or an electronic money institution, or its control, a change to the management of the payment institution or electronic money institution occurs, the notification will also include the data pursuant to Annex No 4 to this Decree for each proposed director, and

- a) information as to whether there will be a change in the number of directors or the replacement of an existing director; where there will be a change in the number of directors, information as to whether and to what scope the proposed change is associated with a change in powers and responsibilities; where there will be the replacement of an existing director, also an indication of the director being replaced, and
- b) the updated organizational structure, where it is changed in relation to a change in the number of directors or a change in powers and responsibilities.

#### Article 18

#### **Notification of the intention to forfeit or reduce a qualifying holding in a payment institution or an electronic money institution or the intention to cease controlling such institution**

(Re Article 18(6) and Article 76(6) of the Act)

The details of a notification of an intention to give up or reduce a qualifying holding in a payment institution or an electronic money institution, or an intention to cease controlling such institution will include

- a) the identification details of the person regarding which the qualifying holding is to be given up or reduced, or that should no longer be controlled,
- b) an indication of the existing and resulting share in the registered capital or voting rights expressed as a percentage and an absolute value,
- c) the identification details of the person to whom the share is to be transferred, where this information is known, and
- d) the date on which the giving up or reduction of a qualifying holding is to take place or on which they will cease to control a payment institution or electronic money institution, where that information is known at the time of the notification.

#### Article 19

#### **Notification of an authorized agent of a payment institution or electronic money institution**

**and notification of a change to the information given in a notification of an authorized agent**

(Re Article 27(4), Article 28(3), Article 86(4) and Article 87(3) of the Act)

(1) The details of a notification of an authorized agent of a payment institution or electronic money institution will be

- a) the identification details of the authorized agent and of each director of the authorized agent,
- b) the payment services or electronic money services to be provided by the authorized agent for the payment institution or electronic money institution, and
- c) a declaration by the payment institution or electronic money institution that
  1. the internal control mechanisms of the authorized agent are appropriate from the perspective of compliance with the obligations related to measures aimed at preventing money laundering and the financing of terrorism, and
  2. the authorized agent, where a natural person, and the director of the authorized agent pursuant to letter (a), are persons who are trustworthy, professionally competent and have sufficient experience with regard to the sound and prudent provision of payment services.

(2) The details of a notification of a change to the information indicated in the notification of an authorized agent of a payment institution or electronic money institution will be

- a) a specification of the change to the information about the authorized agent, containing the existing information entered in the relevant list kept by the Czech National Bank and the information should be entered in the list, unless the information should be deleted without replacement, and
- b) the change in the scope of the activities that the authorized agent is to provide for the notifier, where there is to be a change in the scope of activities.

Article 20

**Notification of a payment institution or electronic money institution on the intention to entrust the performance of certain operating activities to another person**

(Re Article 29(4) and Article 88(4) of the Act)

The details of a notification of a payment institution or electronic money institution regarding the intention to

entrust to another person the performance of some operating activities relating to the provision of payment services or the issuing and electronic money means the information pursuant to Article 2(f)(2) to (5) and pursuant to letter (f) of Annex No 5 to this Decree, and

- a) the decision to entrust the performance of certain operating activities to such other person,
- b) a description of the operating activities to be entrusted and, where applicable, the scope of those operating activities; where the performance of a significant operating activity is to be entrusted, also the expected impacts on the functioning of internal governance and internal control, the possibility of exercising supervision and the identification of persons directly responsible for the management and control of operating activities entrusted to another person and their inclusion in the applicant's organizational structure,
- c) a description of the modified internal governance and internal control framework incorporating changes related to the entrusting of the performance of operating activities to another person, and
- d) a description of the changes in the organizational structures of the payment institution or electronic money institution related to the staffing, technical and organizational performance of activities following the entrusting of the performance of operating activities to another person.

Article 21

**Application or notification related to the performance of activities in a host Member State**

(Re Article 33(5), Article 34(2), Article 38(2), Article 51(4), Article 52(2), Article 55(2), Article 92(5), Article 93(2) and Article 96(2) of the Act)

(1) Details of an application or notification of a payment institution, electronic money institution, or payment account information administrator about the provision of payment services in a host Member State will be

- a) the method of provision of the payment services or electronic money services in the host Member State, depending on whether payment services in the host Member State are to be provided through a branch, through an authorized agent, or otherwise than through a branch or an authorized agent,
- b) the host Member State,
- c) a list of the payment services or electronic money

services to be provided in the host Member State, and

- d) information relating to the execution of the payment services or electronic money services in the host Member State to the scope of the information provided to the host Member State supervisory authority as set out in the annexes of directly applicable European Union legislation relating to cooperation and the exchange of information between competent authorities in relation to the exercise of the right to freedom of establishment and freedom to provide services<sup>3</sup>).

(2) Notification of a change to the information specified in an application or notification pursuant to paragraph (1) will include the data and documents pursuant to paragraph (1)(a) to (d), which are subject to the change.

#### Article 22

##### **Formats of applications and notifications**

Applications and notifications will be submitted in a data format commonly used in electronic communications and that does not enable any change in content.

#### Article 23

##### **Common provisions**

(1) Where the nature of the matter excludes the submission of data or a document relating to an application or notification required by this Decree, and unless it is sufficiently clear from the application or notification, the applicant or notifier shall justify failure to submit the data or document in a separate annex to the application or notification and, where possible, shall provide evidence of this justification.

(2) If the foreign State does not issue a certificate of integrity, confirmation of the given person's integrity, certified by a court, an authority so authorized, or a notary of the relevant foreign State will form an annex to the application or notification.

(3) A certificate of integrity issued by a foreign State may be replaced, pursuant to the conditions laid down by the law governing the Criminal Register<sup>2</sup>, by an extract from the Criminal Register together with an annex

containing the information entered in the criminal records of this foreign State.

(4) If the applicant does not, in their application, demonstrate compliance with some conditions for the granting of authorization due to the preferential use of an international treaty that is part of the Czech legal order, they shall indicate this international treaty and its provisions they are invoking.

(5) The applicant does not have to submit the data or documents required by this Decree where their current versions are publicly available in the public administration information systems or where the Czech National Bank has their current versions available. The applicant shall provide justification for not submitting them.

(6) Where the Decree requires a description, the applicant may, instead of a description, obtain and submit the relevant part of the internal regulation, where it is already available.

(7) The applicant shall inform the Czech National Bank of the name of the contact person responsible for the given proceedings before the Czech National Bank, and their contact details where this person is different from the applicant.

#### Article 24

##### **Cancellation provisions**

Decree No 1/2018 Coll., on applications and notifications for the performance of activities pursuant to the Payment System Act, is repealed.

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<sup>3</sup>) Commission Delegated Regulation (EU) 2017/2055 of 23 June 2017 supplementing Directive (EU) 2015/2366 of the European Parliament and of the Council with regard to regulatory technical standards for the cooperation and

exchange of information between competent authorities relating to the exercise of the right of establishment and the freedom to provide services of payment institutions.

Article 25

**Effect**

This Decree will come into effect on 1 July 2022.

Governor:

**Rusnok**, per pro



## Plan of activities

The plan of activities of a payment institution, payment account information administrator and electronic money institution, small-scale payment service provider, or small-scale electronic money issuer will include at least

- a) a description of the planned services that the applicant intends to provide, determination of what service pursuant to Article 3(1) and (2), Article 8(1), Article 58(1), Article 67(1) or Article 99(1) of the Act is involved, and the justification for this determination; in the case of an applicant for authorization to operate an electronic money institution or a small-scale electronic money issuer, this means an indication of which payment services will relate to electronic money and which will not,
- b) a detailed description of the performance of each service and activity, including a description of the parties involved, the terms and conditions of the services, the draft contracts between the parties involved in the process of providing payment services or electronic money services and, where applicable, contracts with payment card schemes and, for each payment service or electronic money service provided, also
  1. an annotated graphical representation of the process of providing the service, indicating all the parties involved in the process of providing payment services or issuing electronic money,
  2. a chart showing the flow of funds and the determination of the moment of receipt of a payment order, where the applicant does not intend to provide only the indirect payment order service,
  3. the procedures and time limits for processing, and
  4. the procedures and time limits for the settlement of payment transactions, where the applicant does not intend to provide only the indirect payment order service,
- c) an indication of whether users' funds will be entrusted to the applicant,
- d) the design or designs of service contracts pursuant to Article 127 and Article 193 of the Act, and a description of how the information obligation towards users and holders will be performed,
- e) the estimated number of establishments at which the applicant intends to provide the given services or perform activities related to the provision of those services or the issuance of electronic money,
- f) a description of supplementary services pursuant to Article 8(1)(b) and (c) and Article 67(1)(d) and (e) of the Act,
- g) a declaration as to whether the applicant intends to provide loans and, where so, an indication of the maximum amount of credit,
- h) a declaration as to whether the applicant intends to provide services abroad and, where so, an indication of the scope of activities provided in the Czech Republic and abroad, and
- i) a declaration as to whether the applicant intends to carry out other business activities in the first 3 accounting periods and, where so, a description of these activities, including their planned scope and a description of their possible impact on the provision of payment services or the issuance of electronic money.

## **Business plan**

The business plan will include

- a) a marketing plan including an analysis of the applicant's competitive position in the relevant segment of the payment services market or the electronic money market, and a description of the target group of users, promotional materials, distribution channels and geographical areas of activity,
- b) the financial statements,
- c) a financial plan for the first 3 accounting periods, which includes
  1. the balance sheet and the profit and loss account, or the statement of the final profit/loss structured according to the financial statements, based on the prediction of both the baseline and stress scenarios, and the basic assumptions on which those predictions are based, such as at least data on the expected volume of payment transactions and the value of payment transactions related and not related to electronic money, the expected number of service users and electronic money holders. and the number of client accounts, price formation, the expected average payment transaction amount and the expected profitability growth expressed as the ratio of the profit/loss after tax to the sum of assets and the ratio of the profit/loss after tax to equity,
  2. an explanation of the main income and expenditure, liabilities and fixed assets, and
  3. a scheme showing the flow of funds during an executed payment transaction,
- d) in the case of a payment institution, electronic money institution, small-scale payment service provider or small-scale electronic money issuer pursuant to Article 59(3) and Article 100(3) of the Act, the amount and composition of the initial capital, the amount and composition of capital according to the decree governing certain conditions of the performance of the activities of persons authorized pursuant to the Act,
- e) in the case of a payment institution or electronic money institution, the minimum capital requirement pursuant to the decree governing certain conditions of the performance of the activities of persons authorized pursuant to the Act, and a proposal for the approach to be applied by the payment institution or electronic money institution when calculating capital adequacy, and the justification for the selection of the proposed approach, and the capital adequacy calculations, including the data used, according to all approaches in the structure according to the capital report of the payment institution or electronic money institution regulated by the decree on the information obligations of certain persons pursuant to the Act,
- f) in the case of a small-scale payment service provider or small-scale electronic money issuer, an assessment of compliance with the limits pursuant to Article 58(2) and Article 99(2) and (3) of the Act by these persons and their authorized agents for the first 12 months of operation of the requested activities broken down by person and by month,
- g) in the case of a small-scale payment service provider or small-scale electronic money issuer, details of the controlling person and all persons in the group that are small-scale payment service providers or small-scale electronic money issuers providing payment services or issuing electronic money, and indicating the value of payment transactions pursuant to Article 58(2) and Article 99(2) and (3) of the Act provided by these persons and their authorized agents for the last 3 years, broken down by person and by month, and
- h) a description of the measures to prevent the exceeding of the limits pursuant to Article 58(2) and Article 99(2) and (3) of the Act.

### **Information about a person with a qualifying holding**

Information about persons with qualifying holdings in the applicant and persons who, acting in concert with another person, achieve qualifying holdings in the applicant, and about the controlling person, means

- a) a graphical representation of the relations between persons with qualifying holdings; in the case of persons acting in concert, also the fact on the basis of which the concerted action takes place and, where the applicant is controlled, a description of the fact on the basis of which a person becomes the person controlling the applicant,
- b) a description of the structure of the group of which the applicant will be a part,
- c) a diagram showing the structure of the applicant's members, indicating the persons considered as persons with qualifying holdings, and the justification for those qualifying holdings,
- d) for each of these persons
  1. identification details,
  2. information about the amount of the share in the registered capital or the voting rights expressed as a percentage and an absolute value (hereinafter the "information about the share") or a description of any other form of exercise of significant influence over the applicant, including an indication of whether the share is acquired directly or indirectly; in the case of an indirect share, an indication of the person through whom the holding is acquired,
  3. the strategic plan for involvement pursuant to Article 19(1)(e) unless it is a qualifying holding in a small-scale payment service provider or a small-scale electronic money issuer,
  4. information for assessing trustworthiness,
  5. information about professional experience and education in the case of a natural person and where the case is not a qualified holding in a small-scale payment service provider or a small-scale electronic money issuer,
  6. an extract from the Commercial Register or other similar register of entrepreneurs, not over 3 months old, if a legal person or natural person engaged in business,
  7. a declaration related to the qualifying holding pursuant to Article 19(1)(i),
  8. information about the financial and personnel links between a person with a qualifying holding and another legal person, which will include an overview of the legal persons which the person with the qualifying holding manages or which it controls or which control the person with the qualifying holding, and for each such legal person the identification details, the subject of activity, the status, a description of insolvency or similar proceedings and the amount of the share, or a description of another form of exercise of significant influence over the management of such legal person,
  9. an overview of the functions performed in elected bodies and positions in other legal persons to which the person with qualified participation has been appointed or otherwise designated, for the last 10 years and for each such legal person, identification details, subject of activity, designation of the function performed and the period of its performance in this legal person,

10. a description of the financial and personnel relations between this person and persons close to them and the applicant and, where applicable, members of the group to which the applicant belongs, the applicant's directors and the applicant's other members,
  11. the applicant's financial statements and other documents demonstrating the origin of the funds that covered or should cover the acquisition of the qualifying holding, and which include details of the use of private financial resources, access to financial markets, the applicant's financial agreement with a person other than the applicant's member, and the use of borrowed funds and data on loans granted,
  12. the supervisory authority supervising regulated institutions in the State of the registered office of the person with a qualifying holding, where it is a regulated institution, and any assessment of trustworthiness carried out by that authority and the outcome of such assessment,
  13. an analysis of whether the given qualifying holding will affect the applicant's ability to provide timely and accurate information to the competent authorities, including whether this is because of the given person's close links with the applicant,
  14. links to politically exposed persons,
- e) if the person is a legal person, a list of its directors and, for each director,
1. their identification details,
  2. a description of the function performed and its incorporation in the organizational structure of the legal person,
  3. information for assessing trustworthiness,
  4. data on professional experience and education where this is not a qualifying holding in a small-scale payment service provider or a small-scale electronic money issuer,
  5. an overview of the functions currently performed in elected bodies and other functions in other legal persons to which the person has been appointed or otherwise designated, and for each such legal person, identification details, subject of activity, and designation of the function performed and the period of its performance in this legal person, and
  6. a description of the financial and personnel relations between this person and persons close to them and the applicant, the applicant's directors, members with a qualifying holding in the applicant, and the legal person controlling the applicant, unless this information is already included in the annex pursuant to letter (d)(10),
- f) where the applicant is a legal person having its registered office in another Member State, the founding documents or a summary explanation of the main legal features of the legal form,
- g) if the applicant is a legal person, the identification details of the 10 largest members by share of voting rights, or of all the members where the legal person has fewer than 10 of them, and information about their shares of the voting rights where they have not already been indicated pursuant to letter (h),
- h) where the person has their registered office in a State which is not a Member State,
1. basic information regarding the regulatory system in the State of the registered office of this person to which it is subject, and information about whether and to what extent regulation for the prevention of money laundering and the financing of

terrorism is in accordance with the recommendations of the Financial Action Task Force, and

2. where it is subject to supervision in the field of prudential business and client protection, the opinion of the competent authority supervising it on the intention of that person to invest in the activities of an institution in the Czech Republic and on the possible exchange of information necessary for the supervision of the applicant.
- i) where the qualifying holding is to be acquired as assets in a trust or other unit without legal personality, the identity of the asset directors and the founders of such beneficiaries, and the founding and governing documents, including its investment policy, and
    - a) where such person is a regulated institution, the applicant may, instead of the information and documents pursuant to letter (d)(4) and letter (e)(3), submit confirmation to the supervisory authority supervising the regulated institution that it is a person subject to its supervision whose trustworthiness has been verified by that authority and that it has no current knowledge indicating its untrustworthiness.

### **Information about directors**

Information about directors means a list of directors and, for each of these persons

- a) their identification details,
- b) documents demonstrating trustworthiness,
- c) an overview of the functions performed in elected bodies and other functions in other legal persons to which the director has been appointed or otherwise designated, for the last 10 years, and for each of these legal persons identification details, the subject of activity, the designation of the function performed, the period of performance of this function, as well as whether the director intends to perform the said function in this legal person simultaneously with the performance of the function of a director of the applicant, and whether they are an executive or a non-executive member,
- d) a description of the financial and personnel relations between this person and the applicant and other directors of the applicant, the controlling person of the applicant, and the directors of this person where it is a legal person, and the members with qualifying holdings in the applicant,
- e) the proposed function of director and its inclusion in the applicant's organizational structure, a brief description of the performance of that function in terms of the entrusted powers and responsibilities, an indication of whether the function is executive or non-executive, a deed of appointment, a contract or other similar document, and the estimated date of commencement of the performance of the function and its duration, and
- f) a report by the applicant on the results of the assessment of the suitability of the director to perform the function for which the person is proposed, in terms of meeting the requirements of trustworthiness and experience and in terms of the collective suitability of the competent authority as a whole.

Where the director genuinely manages the activity of providing payment or electronic money services and where they are not a director of a small-scale payment service provider or a small-scale electronic money issuer, they shall also provide information about their professional experience and education. The applicant's report on the results of the assessment of the suitability of that person pursuant to letter (f) will also include the results of the assessment from the perspective of the fulfilment of the professional competence requirements of that person and from the perspective of the collective suitability of the competent authority as a whole.

## **Internal governance and internal control mechanisms**

The description of the internal governance and internal control mechanisms will contain

- a) a list and description of the identified risks to which the applicant is exposed in the provision of payment services and the issuance of electronic money, and other associated risks, and a description of the measures to limit them, including an indication of the acceptable level of risks with an explanation for each risk identified,
- b) the procedures for carrying out controls, including an indication of their frequency and the number of staff assigned to carry out the controls, the identification details of these persons, where already known, and the method of assessing the results of the controls and of taking measures to remedy any deficiencies found, including verification of the effectiveness of the corrective measures taken,
- c) the accounting procedures for accounting events relating to payment services or electronic money services, and a description of how assets and liabilities arising from payment services or the issuance of electronic money are shown in the balance sheet and the costs and revenues relating to payment services or the issuance of electronic money in the profit and loss statement,
- d) the identification details of the person responsible for the applicant's governance, for the financial management and creation of the financial plan, for risk management, for information systems and communication technologies, and of the person responsible for internal control functions, including periodically recurring and ongoing controls and controls on compliance with internal and legal regulations and their mutual consistency, and a curriculum vitae containing information about professional competence and experience,
- e) a description of the procedures for managing conflicts of interest and identifying incompatible functions,
- f) where the applicant intends to entrust the performance of any significant operating activity related to the provision of payment services or the issuing, distribution and redemption of electronic money to another person, a description of how the effectiveness of the risk mitigation measures defined in the list pursuant to letter (a) is ensured, including ensuring the continuity of the services provided, and a description of how to monitor and control that activity in order to maintain the level of quality of the internal control system, including a description of the rules for selecting that person,
- g) a description of how authorized agents and branches are monitored and checked in the framework of the internal control system, including an overview of the remote and on-site controls that the applicant intends to carry out at least once a year at the branches and authorized agents, and information about the frequency and method of their performance,
- h) a description of the internal governance and internal control of the group, where the applicant is a person controlled by a regulated institution, and
- i) a description of the procedure for addressing complaints and claims by holders of electronic money or payment service users connected with security and for the adoption of related measures, including the contact point, the e-mail address and the identification details of the persons and the details of the sections competent to assist electronic money holders or payment service users in the case of complaints and claims.

## **Information about risk assessment, control and safety measures, and about information and communications systems**

That information will include at least:

- a) a detailed assessment of the risks related to the payment services the applicant provides or intends to provide, including a fraud risk assessment, including security and control measures and procedures to mitigate identified risks and to protect electronic money holders or payment service users from such risks,
- b) a description of the information and communications systems (hereinafter "ICT Systems"), which includes
  1. a description of the architecture of the ICT Systems and their network elements,
  2. a description of the ICT Systems used to support business activity,
  3. a description of the support ICT Systems used for organization and management,
  4. information about whether the applicant or the group of which it is part already uses these systems or, where appropriate, the envisaged date of their introduction,
- c) information about the types of authorized connections by contractual partners, persons from the group of which the applicant is a part, workers working remotely and other persons, including the justification for such connections,
- d) for each type of connection pursuant to letter (c), a description of the logical security measures in place and a specification of the controls carried out in this area by the applicant,
- e) a description of the logical security measures and mechanisms governing internal access to the ICT Systems, which include measures of a technical and organizational nature, the frequency of each measure, whether it is implemented in real time and how the issue of the separation of electronic money holders and payment service users in cases of sharing the ICT Systems is addressed,
- f) a description of measures relating to physical security and mechanisms at the applicant's business premises and data centre, such as access controls and security of the premises,
- g) a description of the security of payment processes including the authentication procedures for electronic money holders or payment service users, and all related payment instruments used for preview and transaction access,
- h) a description of how the secure delivery of information to the authorized electronic money holder or payment service user and the integrity of the authentication factors at the time of the first and subsequent logins are ensured,
- i) a description of the procedures applied by the applicant to analyze transactions and detect suspicious or unusual transactions,
- j) a detailed assessment demonstrating that the risk management system is coherent, that the risks have been properly identified and assessed, and that the security and control measures and risk mitigation procedures included in the risk assessment pursuant to letter (a) adequately address the risks identified, and
- k) a list of the main written procedures relating to the applicant's ICT Systems.