

# **TURKS AND CAICOS ISLANDS FINANCIAL SERVICES COMMISSION**



## **GUIDELINES FOR THE ASSESSMENT OF LICENCE APPLICATIONS**

**30 May 2023**

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## **1. Introduction**

- 1.1 This Guideline is issued by the Turks and Caicos Islands Financial Services Commission (“the Commission”), pursuant to Section 43 of the Financial Services Commission Ordinance 16.01 (2007) (“the FSC Ordinance”), in furtherance of its responsibility to regulate and supervise licensees and monitor their compliance with relevant ordinances.
- 1.2 This Guideline sets out the Commission’s approach to the licensing of financial service businesses. The requirements outlined in this Guideline are broad and are therefore subjected to variations based on the applicant’s risk profile.
- 1.3 The Guideline is subjected to periodic review to reflect new developments and practical experiences.
- 1.4 In addition to this Guideline, applicants<sup>1</sup> should also be prepared to comply with all other relevant guidance issued by the Commission.
- 1.5 The Commission expects applicants to read and understand the required legislation and prudential standards for the respective industry to which they are applying and ensure that their policies and procedures meet the required standard.
- 1.6 This document is provided for the purposes of information and guidance only and does not constitute as legal advice. Note that this document only contains general guidance, as such, links to relevant legislation, industry<sup>2</sup> licensing guidance, checklists, and licence fees are provided in appendix A to assist applicants to navigate to the areas with specific requirements for their application.

## **2. Scope of Application**

- 2.1 This Guideline applies to applications for licences to conduct financial service business in the following industries: banking, trust, credit union, money service business, insurance, investment business, mutual fund, and corporate service.
- 2.2 The Guideline does not apply to applications for registration as a Non-Profit Organisations (NPOs) or Designated Non-Financial Businesses and Persons (DNFBPs). Applicants are encouraged to contact the Commission for further information regarding the registration requirements for NPOs and DNFBPs.

## **3. Purpose**

- 3.1 As part of the regulatory process, the Commission assesses applications for licences to ensure that entrants to the financial system are safe and will comply with the relevant domestic laws and best practice. The primary objective of the Guideline is to promote awareness and clarity about the licence application process, as well as to enhance the transparency around the assessment criteria. The Guideline is intended

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<sup>1</sup> Applicant, as used in this guideline, includes the responsible office(s) for applicants that are legal entities.

<sup>2</sup> Industry used in this Guideline refers to the types of financial businesses such as banks, trusts, credit unions, insurance companies, money service businesses, investment companies and corporate service providers.

to be used as a practical tool in support of a smooth and effective application process.

- 3.2 The Commission will generally evaluate an application against the criteria established in this Guideline; however, as the particular circumstances and facts of each application are different, this Guideline should not be viewed as an exhaustive set of criteria and information requirements. Applicant are encouraged to visit the Commission's website for other guidance related to the various prudential, regulatory and legislative criteria and information requirements related to applications for licences to conduct specific financial service businesses.

#### **4. Legal Basis**

- 4.1 Section 4(1) of the FSC Ordinance empowers the Commission to consider and determine applications for financial service business licences. In performing this role, the Commission can use all of the powers conferred on it by the Ordinance, which includes collecting information and documentation to facilitate the application and authorisation process.
- 4.2 Following the granting of a licence, Section 33(1) of the FSC Ordinance confers powers on the Commission to take enforcement action against a licensee where it is found that such a licensee is either:
- (i) in breach of any term or condition of its licence; or
  - (ii) has provided false, inaccurate or misleading information to the Commission whether on making application for a licence or subsequent to the issue of the licence.
- 4.3 Further, under Section 34 of the Ordinance, the Commission is empowered to suspend or revoke a licence subject to the conditions set out in the law.
- 4.4 Section 54(1) of the Ordinance establishes that decisions made by the Commission with respect to licensing are final and are not subject to appeal.

#### **5. General Licensing Principles**

In ensuring a fair and transparent approach to licensing, the Commission is guided by the following principles when reviewing a licence application.

##### **5.1 Safety and Soundness**

Licensing, when used effectively, is a good deterrent to unsound and unsafe institutions entering the financial system that could pose a threat to financial stability. Therefore, the Commission acts as a gatekeeper to ensure that entrants will be able to operate in a robust regulatory environment that seeks to maintain and promote the safety and soundness of the Turks and Caicos Islands (TCI) financial system. Applications will be considered on their own merit and the information submitted will be subjected to rigorous scrutiny.

##### **5.2 Open Communication and Cooperation**

An application for a licence (or a material change in a licence) marks the

commencement of the regulatory lifecycle of an institution and the communication between the institution and the Commission. The Commission expects applicants to prepare their applications accurately and completely, and openly and promptly share information to assist the Commission to reach an informed decision. Delays in receiving licensing decision most often result from the provision of incomplete information or a failure on the part of the applicant to sufficiently address additional information requests. The Commission will communicate with the applicant throughout the process.

The Commission expects applicants to work with the Commission in an open and cooperative way and to disclose anything which the Commission would reasonably expect to know. The Commission will attach significant weight to an applicant's failure to work in an open and cooperative way when considering a licence application. Withholding information from the Commission will also be treated as a strong contraindicator of an applicant's suitability to hold a licence. The Commission will not grant a licence to an applicant if there is doubt about its ability and willingness to provide the information the Commission needs in order to exercise its functions.

### 5.3 Proportionality

All relevant circumstances will be considered for any licence application. This includes considerations of proportionality in line with the nature, scale and complexity of the applicant's activities and the resulting risk. Information requirements will be calibrated to the nature of the application in line with the applicable Ordinances. Applications involving novel or highly complex activities may require more information than applications involving straightforward or already-known activities.

### 5.4 Consistency

Generally, the Commission will ensure that the process for granting a licence is applied consistently across the spectrum of entities that fall within the scope of this Guideline. However, there may be justifiable reasons for departing from the general approach in order to satisfy the licensing requirement that directly relates to the nature, scope and complexity of the applicant's business model.

### 5.5 Suitability of Group Structure

Where an applicant is part of a group structure, the Commission will evaluate its ability to effectively supervise, regulate and take enforcement action on the entity within its corporate structure. Where appropriate, the Commission will seek to establish that an applicant's group structure permits effective consolidated supervision and full supervisory reach up to the ultimate beneficial owner(s). Ownership structures that hinder effective supervision on a consolidated basis may constitute grounds for refusal of an application or changes may be requested before an approval is granted. When assessing the suitability of the group structure, the Commission will consider the following non-exhaustive factors:

- (i) the complexity of the group structure and whether the structure may

- impede supervisory reach;
- (ii) the nature and extent of financial service activities carried on by the group in the domestic and international market;
- (iii) the strategic direction of the group;
- (iv) the potential for prudential concerns, if any, such as contagion or connected lending; and
- (v) the extent of the involvement, if any, of the entity's management and board in the business and affairs of the other entities within the group.

## 6. General Application Requirements

6.1 The expectations outlined in this section represent minimum requirements for the Commission to make a decision on a licence application. While the written application is an important demonstration of the strength of an applicant's proposal, licensing decisions will not be made solely on the basis that an applicant has a good written proposal and the required documentation but rather on a holistic assessment of the suitability of the applicant and its ability to meet the Commission's legal and prudential requirements on a sustained basis. The items below outline the general requirements that will aid the Commission in its assessment. These requirements should not be construed as an exhaustive list.

### 6.2 Legal and Prudential Requirements

On a proportionate basis, applicants must satisfy all relevant prudential requirements. This includes requirements under the various financial sector ordinances, regulations, and any other requirements imposed by the Commission in writing. Applicants must provide evidence satisfactory to the Commission that the proposed entity will meet all the minimum legal and prudential requirements from the commencement of business in the TCI and will be able to maintain that position during the course of its business operations.

### 6.3 Programme of Operations

An applicant's description of its operations is an important part of the overall application and integral to the Commission's decision making. The amount of detail submitted should be proportionate to the scale, complexity and risks associated with the proposed business. While the following list is not exhaustive, it indicates the main topics of interest to the Commission in the assessment of the entity's programme of operations. The Commission can challenge the information submitted in order to test the validity of the assumptions on which the proposal is built.

#### (i) Proposed Business Plan and Strategy

Applicants should submit a business plan, in sufficient detail, that sets out the proposed business model of the entity. In addition, applicants must establish in their plan, the overall strategy as well as the identified steps in attaining the strategic goals of the business. The business plan should be formulated over the medium-term, that is, over a three to five-year horizon. The business plan should contain at minimum:

- a) the rationale/justification for applying for the licence;
- b) details of products, delivery channels and target market, including all the regulated and unregulated business activities that it intends to carry out;
- c) demonstrable viability and sustainability of its business proposal including any competitive advantage supported by market research, results of feasibility studies and plans to maintain business viability should market conditions change;
- d) the financial and non-financial resources that will be used to manage its risk;
- e) the capital and liquidity strategy and the proposed funding structure;
- f) risk management strategy identifying all the likely business and regulatory risks and explaining how they will be monitored and controlled;
- g) the corporate/organisational structure identifying proposed owners and management team;
- h) details of planned outsourcing arrangements; and
- i) details on planned IT systems.

*(ii)* **Macroeconomic Environment and Business Model Viability**

Applicants must provide demonstrable evidence of the viability of their business in the short-term and the sustainability on a long-term basis within the relevant macroeconomic and business environment. Applicants must provide the analysis and results of their macroeconomic environment assessment and explain the key assumptions on which the projections are built. The Commission may challenge the underlying assumptions in order to ensure that they are realistic, and the projections are achievable. The viability of the business model will be assessed by looking at factors such as key profit drivers, integrity of the earnings and the ability of the entity to generate adequate returns over the first three to five years of activity. In addition, the Commission will assess the sustainability of the business model by looking at the entity's capacity to generate future profits under different scenarios and its expected risk profile over the business plan horizon.

*(iii)* **Financial Performance/Projections**

Applicants are expected to provide details of financial performance and/or projections covering at least three-years of activity. Applicants must also provide information regarding their funding profile, diversification of funding and any applicable sources of financing. Furthermore, applicants should include key financial and prudential ratios.

The assessment of the entity's financials will be based on the actual or forecast balance sheet, cash flow and profit and loss statements. The forecasts are expected to contain a sensitivity analysis showing the base-case and adverse scenarios in order for the Commission to assess the viability and sustainability of the business model under different conditions. Both scenarios should explain the underlying assumptions, justification for the choice of assumptions and why they are considered realistic. The scenarios must also show the impact on key financial and prudential ratios, in particular, capital, profitability and liquidity ratios.

#### 6.4 Organisational Structure

Applicants are expected to demonstrate that they have an appropriate organisational structure with sufficient human resource to carry out their programme of activities. Applicants must provide a structure chart in sufficient detail, identifying the applicant's key officers and directors, along with their responsibilities within the institution. The chart should clearly show:

- (i) the names of significant staff such as board of directors, chief executive and senior management;
- (ii) the function(s) of each individual;
- (iii) the number of direct reports for each individual;
- (iv) direct reporting lines into the board, including board committees, where applicable; and
- (v) vacant roles and the recruitment timelines for them.

The Commission will look closely at the operational staff as well as the management layers in an entity's organisational structure to assess the effectiveness and appropriateness of the structure. The Commission will also pay close attention to the allocation of tasks, the reporting lines as well as the composition of the risk management and control functions within the entity.

#### 6.5 Governance Arrangements

Applicants should include information in sufficient detail on the governance arrangements of the entity within the corporate structure. The assessment of governance arrangements takes into consideration the composition and role of the board, management and compliance personnel, including the relevant committees. The Board is considered paramount in the governance of a financial entity. Applicants are expected to demonstrate that the proposed board has the required skills and experience to competently oversee the direction and control of the entity. Applicants should submit their board charters and details on the experience of each of its appointed board members. Applicants should also provide details of proposed board committees and, if known, the chair and members of the committees.

The governance structure will be assessed against the criteria of transparency, robustness and ability to ensure effective oversight and decision-making, with clear allocation of powers and responsibilities at all levels. Applicants are expected to demonstrate, at minimum, how the proposed governance arrangements will ensure adequate checks and balance, protect the management against undue influence and enable the identification and declaration of conflicts of interest.

#### 6.6 Fit and Proper Requirements

Applicants must demonstrate that they have suitable policies in place to ensure that individuals who hold key positions within the entity, including compliance specialists<sup>3</sup>, are fit and proper, in accordance with the Commission's Fit and Proper

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<sup>3</sup> See the Commission's Guideline for Appointment of Regulatory Licensees Compliance Officers, Money Laundering Compliance Officers and Money Laundering Reporting Officer available at <https://tcifsc.tc/wp-content/uploads/2019/03/guldeline-for-appointment-of-cos-and-mlros-amended-january-19-2015.pdf>



Guidelines<sup>4</sup>. Applicants should provide evidence of fit and proper assessments conducted on persons holding key positions<sup>5</sup> within the entity. The Commission reserves the right to request information on any person(s) holding key position(s) within an entity in order to determine the fitness and propriety of the individual(s). Where an individual fails to meet the Commission's fit and proper criteria, that individual will not be approved by the Commission.

An applicant's fit and proper assessments should clearly show how it determined that its key personnel has or will satisfy the Commission's criteria for fitness and propriety, which includes, but is not limited to, integrity, competence, financial soundness, reputation, reliability and discharge responsibilities in the best interest of the business. Self-declarations alone are not sufficient. Where an individual has had prior criminal convictions, applicants should be guided by the Commission's policy on Fit and Proper Assessment: Applicants with Criminal Convictions<sup>6</sup>.

## 6.7 Risk Management and Internal Control

Applicants are expected to satisfy the Commission that their risk management and internal control systems are adequate and appropriate to cover the entity's activities and inherent risks. Applicants must submit, where appropriate, a comprehensive risk management framework that is suitable for monitoring and mitigating their risk exposures. The risk management framework should include, at a minimum:

- (i) risk management processes which includes risk identification, assessment, monitoring and control;
- (ii) risk management system that effectively supports the implementation of the risk management framework;
- (iii) process for establishing risk appetite, monitoring and changes to risk appetite as well as procedures for addressing material shift in risk profile and breaches in risk limits/tolerance;
- (iv) adequate resourcing in terms of quantity and competence of staff across the three lines of defence and clearly defined roles and responsibilities for the board, senior management, and governing bodies;
- (v) risk management function that provides effective assurance over the management of risks, including the completeness and accuracy of data, and the resulting risk profile, as well as internal audit function that provides assurance on the effectiveness of controls;
- (vi) risk reporting mechanisms that provide timely, complete and accurate information to inform the board, risk committees and senior management on material changes in risks; and
- (vii) procedures to periodically review the control environment to ensure that internal controls remain effective in mitigating risk exposures.

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<sup>4</sup> Available at <https://tcifsc.tc/wp-content/uploads/2020/04/Fit-and-Proper-Guidelines.pdf>

<sup>5</sup> See section 6 of the Commission's Fit and Proper Guidelines for the list of individuals who are subject to fit and proper assessments.

<sup>6</sup> Available at <https://tcifsc.tc/wp-content/uploads/2023/02/Regulatory-Advisory-Applicants-with-Prior-Criminal-Convictions.pdf>

The Commission shall assess whether the entity's risk management framework, including its policies and procedures, enables risks to be effectively identified, measured, monitored and controlled. In so doing, the Commission will take account of the size, nature and complexity of the entity's operations.

#### 6.8 IT Infrastructure and Business Continuity

Applicants must ensure that they have robust IT systems to support their business operations and relevant steps have been taken to plan for business continuity. Applicants should provide a description of their IT systems and must demonstrate that the systems that will be put in are fit for purpose and that the appropriate IT management and control framework will mitigate the firm's IT risk. Applicants are expected to have in place appropriate policies and processes for identifying, assessing, monitoring and managing their IT risk. This may be detailed in the firm's risk management framework. In addition, applicants are expected to provide evidence of cyber security measures to mitigate cyber threats.

Applicants must also demonstrate that their IT infrastructure will be able to meet current and future business requirements under normal and stressed conditions. Applicants must show evidence of established business continuity plans, including IT disaster recovery, which should ensure resilience and maintenance of critical operations in the event of severe disruptions.

#### 6.9 Outsourcing Arrangements

Applicants must satisfy the Commission that they have adequate policies and procedures in place to manage and monitor material outsourcing arrangements and that they meet the Commission's minimum requirements for outsourcing of business activities.<sup>7</sup> Applicants should provide a list of all current and future material outsourcing arrangements. The Commission may request that the applicant provide details of its vendor selection process as well as any signed contracts in place.

As part of the licence application, applicants should provide documentation that clearly demonstrates at a minimum:

- (i) a list of all third-party service providers, classified by type of service and materiality of service;
- (ii) management capability of the service provider commensurate with the materiality of the service;
- (iii) the controls in place to manage third-party risks at each stage of the arrangement;
- (iv) evidence of the experience and location of the service providers;
- (v) the outsourcing policy and its impact on risk management, in particular for cross-border arrangements; and
- (vi) contractual arrangements, including service level agreements.

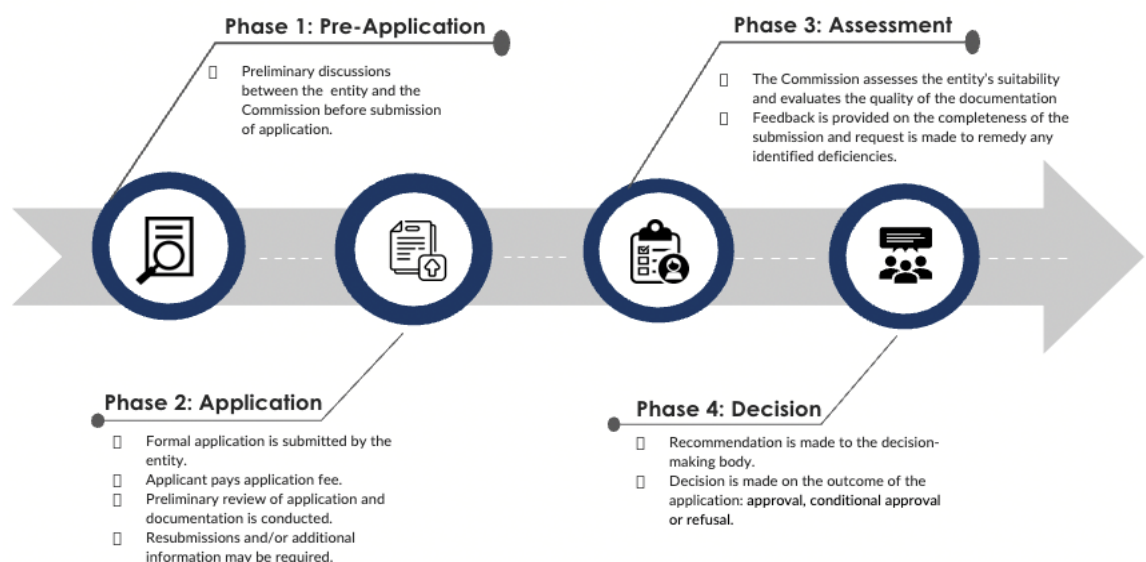
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<sup>7</sup> See the Commission's Regulatory Advisory on Outsourcing of Business Activities, Functions and Processes of Regulated Entities available for download at <https://tcifsc.tc/wp-content/uploads/2021/06/Regulatory-Advisory-No.-2-of-2021-Outsourcing-Functions-and-Activities.pdf>

## 7. Procedural Guidance

7.1 This section discusses the procedure for applying for a licence for any of the financial service businesses outlined in section 3.1 as well as the engagement with the Commission. It is intended to provide guidance to applicants on the formal steps involved in the application process and the type of support they can expect to receive from the Commission. The process is consultative and iterative which may involve multiple rounds of feedback from the Commission, request for additional information or sometimes resubmission from the applicant. While applicants can expect ongoing engagement with the Commission from pre-application through to licensing decision, and may ask questions of the Commission, the onus is on the applicants to demonstrate that its policies, systems and structures are able to mitigate the risks. Applicants are expected to have sufficient experience, knowledge and understanding of the business they intend to undertake, as well as the Commission's legal and prudential requirements for the conduct of such business.

The application process for a given licence consists of four stages, the elements of which are outlined below.



*Figure 1: Application Process*

### 7.2 Pre-Application Phase

Prior to the submission of a formal application, applicants should contact the Commission to arrange a meeting to discuss the entity's business plan and the licence application process. To facilitate the initial discussion, potential applicants are required to make a formal presentation to the Commission explaining their proposal. Note that more than one meeting may be required. The pre-application discussions are beneficial to both the entity and the Commission as it seeks to provide an opportunity for:

- (i) the entity to explain the reason for wanting to be licenced as a financial business;

- (ii) the entity to describe its business model, strategy and target market;
- (iii) the entity to describe the proposed ownership structure, corporate governance, details regarding the purposed owners and senior managers, sources of capital and funding and the project plan;
- (iv) the entity to ask questions and gain an understanding of the Commission’s licensing process, including applicable fees and general timelines;
- (v) the Commission to clarify its processes and expectations regarding licensing;
- (vi) the Commission to advise of any additional information it would require;
- (vii) the Commission to gain an understanding of the entity’s licensing plans and raise any apparent or potential regulatory issues that may arise during the preliminary meeting.

The pre-application phase is designed to ensure a smoother application process. This phase allows the applicant to evaluate the scope and timeline for licensing and make an informed decision whether to terminate, delay or proceed to the next phase and submit a formal application to the Commission. Any feedback provided by the Commission during this phase is without prejudice to the outcome of the application phase and the subsequent decision by the Commission.

### 7.3 Application Phase

Once applicants have addressed any substantial issues arising from the pre-application meeting, they may submit their formal application to the Commission using the prescribed form along with the application fee (see appendix A for details). An analyst will be assigned to process the application and will be the lead contact person between the applicant and the Commission. Applications should be accompanied by all the required information and supporting documents outlined in sections 6.2 to 6.9 in these guidelines as well as the industry checklists and guidance<sup>8</sup> found on the Commission’s website, linked in appendix A. Applicants should submit their application and supporting documents via email and/or a secured portal. The Commission requires documents to be submitted in soft copy, unless otherwise specified. Following the submissions, the Commission will confirm receipt of the application and the accompanying documents.

#### (i) Application fees

All applicants are required to pay an application fee prior to the Commission commencing its assessment of their application. The applicable fees may be found using the links provided in appendix A under the column labelled “fee schedule”. All licence fees are non-refundable regardless of the outcome of the assessment and the Commission’s subsequent decision.

#### (ii) Resubmissions

Following the receipt of payment of application fees, the Commission will conduct a preliminary review of the application and the accompanying documents. Where

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<sup>8</sup> These are the specified checklists and additional guidance for each industry which provide a list of minimum supporting documentation that should be supplied with the application.

the Commission identifies a significant amount of missing information (incomplete or poorly completed application), the application along with all the supporting documents will be returned to the applicant to remedy the weaknesses before advancing to the next phase in the licensing process. This may arise in cases where applicants did not submit the required policies and procedures, there is no evidence of the intended governance arrangement for the entity, missing financial statements or any other issue that the Commission may deem material. Applicants should ensure that resubmitted documents are prompt, valid, largely final and are complete to avoid any further delay or loss of application fee.

#### *(iii)* Withdrawals

An applicant may choose to withdraw its application at any time during the licensing process. An applicant who wishes to withdraw an application needs to submit its request to the Commission in writing. The request must be signed by the relevant authorised officer(s) of the entity. An applicant who decides to withdraw its application, may submit another application at any time and begins the process back at phase one (pre-application). The applicant will have a 12-month window within which they can re-submit their application for the same type of business without incurring a new application fee. Withdrawal of an application will not prejudice any future application that the applicant may wish to submit.

#### *(iv)* Abandonment

The Commission will consider an application to be abandoned where the applicant has failed to submit any required information or clarification requested by the Commission within the established timeframe and has not made contact with the Commission. If an application is deemed abandoned, the licensing process will discontinue and the application along with the supporting documents will be returned to relevant officer(s) of the entity. If the applicant wishes to reapply, the applicant must submit a new application and will be required to comply with the licencing requirements. In addition, the applicant will be required to pay the application fees that are in effect at the time of the submission of the new application.

### 7.4 Assessment Phase

In assessing an application, the Commission will generally seek to satisfy itself that the applicant has a reasonable understanding of its risk exposure and has sufficient financial and non-financial resources to manage those risks. This assessment goes beyond the review of the applicant's documentation to determine whether:

- a)* the applicant has sufficient financial resources to remain a going concern;
- b)* the applicant has a sound risk culture;
- c)* the applicant will not pose undue risk to customers;
- d)* the applicant's business record and experience are appropriate; and
- e)* the applicant is honest in its dealings with the Commission.
- f)* the applicant will not pose a risk to the TCI.

### (i) Document Review and Feedback

The Commission will evaluate the quality of the documentation submitted to determine whether all the general considerations outlined in sections 6.2 to 6.9, along with the industry requirements<sup>9</sup>, have been satisfied. During the evaluation, resubmission of documents and/or additional information may be sought. If material changes are made to information previously submitted to the Commission as part of the application package, such as changes to strategy, organisational structure, legal structure, etc., applicants are required to notify the Commission immediately and submit the updated documents. Note that this may impact the time taken to return a licensing decision.

As part of the evaluation process, the Commission will identify whether requirements for granting a licence are either substantially addressed or substantially deficient. Where an application is deemed substantially deficient<sup>10</sup>, the Commission will notify the applicant in writing and request that the applicant correct the identified deficiencies within a specified timeframe. The relevant department will indicate the timeframe for which deficiencies must be addressed. The Commission may exercise its discretion in granting extensions to the timeframe where an applicant provides justifiable reasons for requesting the extension. Where the applicant fails to address the deficiencies within the agreed timeframe, the Commission will refuse the application on the basis that it does not have sufficient information to make a licensing decision.

The Commission will advise the applicant when it considers that the requirements have been substantially addressed<sup>11</sup>. This does not preclude the Commission from requesting additional information/documentation to complete its assessment.

## 7.5 Decision Phase

Following satisfactory resolution of any outstanding issues from the assessment phase, the analyst will prepare a report on the outcome of the assessment and makes a recommendation to the relevant Head of Department (HOD). The HOD, after completing his/her review will update the recommendation, as necessary, and submits same to the Commission's Licensing and Regulations Committee (LRC) to make the final decision on the outcome of the application<sup>12</sup>. Note that during the HOD's review, additional information may be sought from the applicant to finalize the recommendation to the LRC. For emphasis, licensing decisions by the Commission are final and not subjected to appeal or review. The decision on an application can be grouped into three categories as outlined below.

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<sup>9</sup> Requirements particular to the type of industry such as banks, credit unions, trusts, insurance, investments, CSPs.

<sup>10</sup> A submission by an applicant in relation to a specific requirement may be deemed substantially deficient if it prohibits the Commission from making a full assessment of the applicant's ability to meet legal and prudential requirements.

<sup>11</sup> A requirement has been substantially addressed if the submitted documentation is valid, free from material errors, of a high quality and sufficiently detailed to allow Commission to complete its assessment.

<sup>12</sup> Note that final decisions on applications for bank and credit union licences are made by the Commission's Board of Commissioners.

*(i)*     **Approval**

The Commission may approve an applicant who has demonstrated, to the satisfaction of the Commission, that it has a viable business, there is sufficient financial and non-financial resources to manage its risks, there is no doubt of the applicant's ability to meet the legal and prudential requirements and that the applicant is at a sufficient stage of readiness to conduct the licensed business.

*(ii)*    **Conditional Approval**

The Commission may grant a conditional approval to an applicant who, for various reasons, may not have met all the licensing criteria during the assessment phase. The Commission, in imposing the conditions, may grant the applicant a grace period within which the conditions for approval must be fulfilled. While the conditional approval may permit the applicant to commence operations, the Commission as the licensing authority may impose restrictions on certain activities as it deems appropriate. The approval will only become effective once all the conditions have been satisfied.

*(iii)*   **Refusal**

The Commission may refuse an application where, in the Commission's view, the applicant's submission does not meet the licensing requirements, and despite feedback from the Commission, the applicant is unable to satisfy the requirements for licensing. Where the Commission refuses a licence application, the Commission will provide the reason(s) for its decision within fourteen days of the date of the refusal. The following non-exhaustive list outlines common factors that may result in a refusal:

- a)* incomplete or inadequate documentation;
- b)* inability or unwillingness to comply with the Commission's prudential requirements (for example an entity's inability to raise the required level of regulatory capital);
- c)* a legal structure that will prohibit the Commission from having full supervisory reach;
- d)* lack of experience in operating the proposed business;
- e)* issues relating to fitness and propriety of key individuals;
- f)* significant delays in appropriately responding to the Commission's requests.

**7.6 Applicable Timeframe**

While the Commission does not have a statutory obligation to make its licensing decisions within a specific timeframe, the Commission will endeavour to complete all application processing and make a decision within six months of the receipt of a complete application. However, the length of time taken to process an application and make a decision varies and will depend on a number of factors such as the number of applications before the Commission, the quality of the application, the complexity of the proposed business model, how well the applicant complies with the requirements and the level of engagement and responsiveness of the entity to requests made by the Commission. Based on experience, delays in licensing

decision most often results from the provision of incomplete information by the applicant and/or failure of the applicant to adequately address additional information requests by the Commission in a timely manner.

Where the Commission grants a licence or a conditional licence to an applicant to undertake a licensed activity, the licensee is required to commence operation within 12 months of the granting of the licence. Failure to commence operations within the required timeframe may result in the withdrawal of the licence. Should applicants encounter difficulties in commencing operations during the 12 month period, a request for an extension must be submitted to the Commission no less than 60 days prior to the expiration of the 12 month period. The request must clearly state the reasons for requesting an extension as well as the proposed new date for commencement of business.



## Appendix A: Information on Additional Requirements (Industry Requirements)

This table contains website links to additional information and specific guidance for different licensing industries. Applicants should read this guidance and observe the list of requirements in the checklist found in the links below. All the information is expected to be provided during the application process and prior to the granting of a licence. Applicants should discuss the checklist and the various requirements during the pre-application meetings to confirm all the relevant documentation that will be needed and confirm when the Commission would expect supporting information to be submitted.

**Table 1: Industry Requirements**

Industry	Contact email	Relevant legislation	Checklist and additional guidance	Additional requirements	Applicable Forms	Fee schedule
Banks	<a href="mailto:thebankingdepartment@tcifsc.tc">thebankingdepartment@tcifsc.tc</a>	<a href="https://tcifsc.tc/banks-legislation-regulation/">https://tcifsc.tc/banks-legislation-regulation/</a>	<a href="https://tcifsc.tc/wp-content/uploads/2021/06/Guidelines-on-bank-licensing.pdf">https://tcifsc.tc/wp-content/uploads/2021/06/Guidelines-on-bank-licensing.pdf</a>	<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>	<a href="https://tcifsc.tc/banks-forms/">https://tcifsc.tc/banks-forms/</a>	<a href="https://tcifsc.tc/banks-fee-schedule/">https://tcifsc.tc/banks-fee-schedule/</a>
Corporate Service Providers	<a href="mailto:aml_supervision@tcifsc.tc">aml_supervision@tcifsc.tc</a>			<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>		
Credit Union	<a href="mailto:thebankingdepartment@tcifsc.tc">thebankingdepartment@tcifsc.tc</a>	<a href="https://tcifsc.tc/credit-union-legislation-regulation/">https://tcifsc.tc/credit-union-legislation-regulation/</a>		<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>	<a href="https://tcifsc.tc/credit-union-forms/">https://tcifsc.tc/credit-union-forms/</a>	<a href="https://tcifsc.tc/credit-union-fee-schedule/">https://tcifsc.tc/credit-union-fee-schedule/</a>
Insurance	<a href="mailto:insurance@tcifsc.tc">insurance@tcifsc.tc</a>	<a href="https://tcifsc.tc/legislation-regulations/">https://tcifsc.tc/legislation-regulations/</a>	<a href="https://tcifsc.tc/wp-content/uploads/2019/03/licensing-guidelines-domestic-insurance-final.pdf">https://tcifsc.tc/wp-content/uploads/2019/03/licensing-guidelines-domestic-insurance-final.pdf</a>  <a href="https://tcifsc.tc/wp-">https://tcifsc.tc/wp-</a>	<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>	<a href="https://tcifsc.tc/forms/">https://tcifsc.tc/forms/</a>	<a href="https://tcifsc.tc/insurance-fee-schedule/">https://tcifsc.tc/insurance-fee-schedule/</a>

<b>Industry</b>	<b>Contact email</b>	<b>Relevant legislation</b>	<b>Checklist and additional guidance</b>	<b>Additional requirements</b>	<b>Applicable Forms</b>	<b>Fee schedule</b>
			<a href="https://tcifsc.tc/content/uploads/2019/03/licensing-guidelines-non-us-direct-writers-3.pdf">content/uploads/2019/03/licensing-guidelines-non-us-direct-writers-3.pdf</a>			
Investment Dealers	<a href="mailto:thebankingdepartment@tcifsc.tc">thebankingdepartment@tcifsc.tc</a>	<a href="https://tcifsc.tc/investment-dealers-legislation-regulation/">https://tcifsc.tc/investment-dealers-legislation-regulation/</a>	<a href="https://tcifsc.tc/investment-dealers-forms/">https://tcifsc.tc/investment-dealers-forms/</a>	<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>	<a href="https://tcifsc.tc/investment-dealers-forms/">https://tcifsc.tc/investment-dealers-forms/</a>	<a href="https://tcifsc.tc/investment-dealers-fee-schedule/">https://tcifsc.tc/investment-dealers-fee-schedule/</a>
Money Service Businesses				<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>		
Mutual Funds	<a href="mailto:thebankingdepartment@tcifsc.tc">thebankingdepartment@tcifsc.tc</a>	<a href="https://tcifsc.tc/investments-mutual-funds-legislation-regulation/">https://tcifsc.tc/investments-mutual-funds-legislation-regulation/</a>		<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>	<a href="https://tcifsc.tc/investments-mutual-funds-forms/">https://tcifsc.tc/investments-mutual-funds-forms/</a>	<a href="https://tcifsc.tc/investments-mutual-funds-fee-schedule/">https://tcifsc.tc/investments-mutual-funds-fee-schedule/</a>
Trust	<a href="mailto:thebankingdepartment@tcifsc.tc">thebankingdepartment@tcifsc.tc</a>	<a href="https://tcifsc.tc/trust-companies-legislation-regulation/">https://tcifsc.tc/trust-companies-legislation-regulation/</a>	<a href="https://tcifsc.tc/trust-companies-policies-guidelines/">https://tcifsc.tc/trust-companies-policies-guidelines/</a>	<a href="https://tcifsc.tc/aml-cft-requirements/">https://tcifsc.tc/aml-cft-requirements/</a>	<a href="https://tcifsc.tc/trust-companies-forms/">https://tcifsc.tc/trust-companies-forms/</a>	<a href="https://tcifsc.tc/trust-companies-fee-schedule/">https://tcifsc.tc/trust-companies-fee-schedule/</a>