****

**CHECKLIST FOR THE**

**BUSINESS PLAN**

**ΤHAT ACCOMPANIES**

**THE NOTIFICATION OF**

«……………………………………………………»

**FOR THE ESTABLISHMENT OF A**

**BRANCH IN ANOTHER EEA STATE**

**Checklist for the business plan that accompanies the notification of «…………..………» for the establishment of a branch in another EEA State**

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|  | **REQUIREMENTS OF THE BRANCH** | **Business plan****Page No.** |
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| PART I | BUSINESS PLAN |  |
| **1.** | Business Plan  |  |
|  | How will the branch contribute to the strategy of the firm/group? |  |
|  | What will the main functions/investment and or ancillary services of the branch be? |  |
|  | In the case the branch will offer the investment service of “Reception/Transmission of orders”, the CIF must conduct an assessment on the need to notify, other than the reception and transmission of orders service, also the investment services of execution of orders since the branch and the branch’s parent entity are to be considered as a single legal entity with a single trading process and it is not possible that the branch only collects the orders and the parent entity executes them; |  |
| **2.** | **Organisational Structure** |  |
| **2.1** | Briefly describe how the branch fits into the corporate structure of the firm/group. Please provide an organisational structure of the branch where you provide FTE numbers and list of positions for all departments in the branch including a description of the lines of defence and the tasks performed by them. |  |
| **2.2** | Who in the branch is responsible for monitoring that the business unit remain within the risk limits allocated to the branch? What is the procedure and IT solution for monitoring this matter? |  |
| **2.3** | Who is carrying out the internal audit function for the branch? How many FTEs are in the internal audit unit? |  |
| **3.** | **Clients** |  |
| **3.1** | Describe the types of clients/counterparties the branch will be dealing with. |  |
| **3.2** | Describe how the firm will obtain and deal with these clients. |  |
| **3.3** | If the branch intends to transmit clients orders, to which counterparties will orders be transmitted to for execution? |  |
| **3.4** | Explain whether the branch will be or not itself a counterparty to any clients’ transactions. |  |
| **3.5** | Describe the procedures to be implemented for the onboarding of the branch clients. |  |
| **3.6** | Describe the appropriateness test, including the structure and the content of the questionnaire submitted to the clients and the relevant algorithm, if any, used to analysing the client’s feedback to the above-mentioned questionnaire.  |  |
| **3.7** | Describe the modalities through which the firm intends to manage the non appropriateness cases with particular reference to the measures the firm adopted or will adopt in order to comply with Section 4 of the ESMA Q&A “Relating to the provision of CFDs and other speculative products to retail investors under MiFID" (ESMA/2016/1165) dated 25 July 2016. |  |
| **3.8** | Detail description regarding the target market selection (both positive and negative) with reference to the branch clients and description of the measures the firm intends to adopt in order to ensure that the activity towards the clients is consistent with the said selection. |  |
| **3.9** | Explain whether it is foreseen the transfer of clients from the Cypriot parent entity to the branch once operating. |  |
| **3.10** | Confirm whether the contracts concluded with the branch customers will be in the language of the host Member State. |  |
| **4.** | Risk management -Compliance |  |
| **4.1** | Who is carrying out the risk management function and compliance function of the branch operations? Please specify the FTEs allocated to the branch, and the competences of the people who will carry out these functions; |  |
| **4.2** | Please provide an overview of the financial risks that the branch will be allowed to take. What are the limits allocated to the branch?  |  |
| **4.3** | Please describe what types of risks the branch will assume in the course of its operations? Will the branch assume any open market positions, or will it hedge any market risk positions on back-to-back basis? Will the branch assume any counterparty risks? |  |
| **4.4** | Please confirm that there are no any material prudential risks in the company (Cypriot entity) that might affect the branch. |  |
| **5.**  | Complaints handling  |  |
| **5.1** | Detailed description of the procedure for the handling of the complaints of the branch’s clients and indication of the person in charge to keep of the relevant register, highlighting roles and tasks, if any, of the structures of the Cypriot parent entity; |  |
| **5.2** | Is the complaints handling procedure or the information how to file a complaint available in the host Member State language; |  |
| **5.3** | Can a client submit a complaint in the host Member State language?  |  |
| **5.4** | How many employees are planned for complaints handling? |  |
| **6.** | Remuneration policies  |  |
| **6.1** | Describe the measures the firm intends to adopt in order to ensure the compliance with the legal provisions in the matter of costs and charges and inducements; |  |
| PART II | OUTSOURCING |  |
| **7.** | Outsourcing critical or important operational functions |  |
| **7.1** | In the case of outsourcing (including outsourcing activities in host Member States), describe the procedures and measures adopted by the applicant to ensure that the following conditions are satisfied when entering into, managing or terminating any arrangement for the outsourcing to a service provider of critical or important operational functions: (if applicable); |  |
| PART III | MARKETING AND SOCIAL MEDIA |  |
| 8. | Marketing and Social Media |  |
| **8.1** | Please specify the marketing plans of the branch. Clarify whether the webpage of the Branch will be in the host Member State language;   |  |
| **8.2** | Describe the controls put in place, with particular reference to the marketing communications compliance policy including timing that the firm intends to implement in the Branch Compliance Monitoring Programme, specifying which controls are under the responsibility of the Branch compliance and AML reporting officer and which are under the responsibility of the Compliance Department of the Cypriot parent entity; |  |
| **8.3** | Describe the media buying activity, specifying the measures adopted or to be adopted to constantly ensure that the CFDs promotion (if applicable) is consistent with the target market selection of the branch; |  |
| **8.4** | Describe the oversight measures to be implemented with regard to the use of the social media in the relationship with the host Member State clients; |  |
| **8.5** | Detailed description of the content of the disclaimer which will be displayed on the website of the branch in the language version of the host Member State. |  |
| **9.** |  **AML PROCEDURE** |  |
| **9.1** | Describe anti-money laundering arrangements and the application of financial sanctions of the Branch, i.e what are the rules of procedure that allow for effective mitigation and management of, inter alia, risks relating to money laundering, terrorist financing and financial sanctions. |  |
| PART IV | BEST EXECUTION POLICY |  |
| 10. | Best Execution |  |
| **10.1** | Describe the policies and procedures in place for the best execution and the reporting to clients. Also confirm whether these policies and procedures are in compliance with the MiFID framework and ESMA guidance (RTS, ITS, Q&A and Opinions) as well as local/host regulations.  |  |