

Formation of a subsidiary or branch – Rule 7.8

The Commission would expect the licenceholder to supply supporting and background information as set out below:

Corporate governance

- i. A proposed updated structure chart for the group, showing a proposed subsidiary*
- ii. A proposed management and staff plan for the subsidiary or branch
- iii. Proposals for management controls (rule 8.4)
- iv. Identified risks and proposals for risk management (rule 8.6)

Financial and business planning

- v. The proposed product offering of the subsidiary or branch under rule 8.10
- vi. An updated business plan for the licenceholder under rule 8.9, taking account of the subsidiary or branch
- vii. Projected P&L and balance sheet for a subsidiary as at the end of the first and second years of trading*
- viii. Projected financial resources calculations for the licenceholder in the format set out in Schedule 2.3 of the Rule Book, for the same dates
- ix. Proposed arrangements for the subsidiary to be audited in accordance with rule 2.15*
- x. Arrangements for the extension of PII cover to the subsidiary or branch

AML-CFT

- xi. Proposals for the achievement of equivalent AML-CFT standards (paragraph 14 of the CJML Code 2008 refers)

Outsourcing or insourcing

- xii. Arrangements for any outsourcing or insourcing under rule 8.13

Overseas regulation

- xiii. Plans for any application to an overseas regulator, which would be notifiable under rule 8.17(2)(f). The Commission will contact the regulator under statutory gateways.

* *Asterisked items would be applicable to a subsidiary but not a branch.*