

MiFID II LICENSE FINNIUS ASSISTANCE

Introduction



MiFID II stands for the set of European rules that regulate the provision of investment services (such as investment advice, execution only services and placement) and investment activities (dealing on own account).

Investment firms that need a Dutch license under the MiFID II regime face a challenge. This applies to Dutch companies that need a MiFID II license, as well as to foreign companies that intend to apply for a MiFID II license in the Netherlands. Important questions in this respect are:

What type of license do I actually need?

- Do I need a local entity or can I also work with a branch office or a representative office?
- Do I also need a license for ancillary services?
- Do I need a European passport to do business abroad and if so, how does this work?
- What are the anticipated costs?
- For foreign applicants: are there Dutch substance requirements that I should take into account?
- Are there specific requirements for directors?
- How do I know what my license application package should entail?
- How do I communicate with the regulator, the Authority for the Financial Markets (**AFM**) and the Dutch Central Bank (**DNB**)?
- After having been granted the license, what rules should I adhere to and what happens if I am non-compliant?

For a successful license application process, it is absolutely key that these questions are answered at an early stage, before actual preparations for the license application have been initiated.

Preparation phase

A successful license application process stands or falls on the quality of the preparation phase. Finnius is well-equipped to help you with this. In the preparation phase, we start with qualifying your business proposition under MiFID II, to assess what the scope of your license should be and obviously, also explore whether there are any exemptions or exceptions available.

After this analysis, we organize a working session in which we identify potential key issues for you in terms of governance, internal procedures or other compliance topics.



Organisational Handbook

Core of your application package will be the **Organisational Handbook**. This document describes how your internal business operations and processes are organised. These operations and processes should be MiFID II-proof. The organisational handbook comprises of numerous policy documents, such as:

- Best execution policy;
- Order execution policy;
- Conflicts of Interest policy;
- Remuneration policy;
- Outsourcing policy;
- Personal transaction policy;
- Product approval and review policy;
- Inducements policy;
- Risk Management policy;
- Complaints policy.

It has proven to be difficult for applicants to adequately prepare these policy documents in a MiFID II-proof way themselves. Finnius has gained extensive experience in recent years



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with MiFID II-applications, and therefore with these policy documents. We are in a good position to help you with these policy documents, without losing out of sight that these policy documents are not of a general nature, but should actually reflect the investment firm's internal operations. We do not provide ready-to-file templates, but help you to build your own Organisational Handbook. We believe that this method will help you to be in control and be compliant during your supervisory life.

Declaration of No Objection



Another important part of the application process consist of the application for a declaration of no objection (**DNO**) with DNB. Any envisaged shareholder that is intended to have a 'qualifying holding' in the licensed investment firm, needs to apply for a DNO with DNB. A qualifying holding includes (i) a direct or indirect holding in the licensed investment firm which either represents 10% or more of the capital or the voting rights, or (ii) makes it possible to exercise a significant influence over the management of the licensed undertaking.

All qualifying shareholders must possess of a DNO from DNB ultimately when the license is granted. In practice, the license application and the DNO-applications are submitted simultaneously.

In the DNO-process, DNB screens the envisaged qualifying shareholders with respect to integrity, and also investigates their financial solidity. A DNO-application again consists of numerous documents, of which business plans of the qualifying shareholders, information about their financial situation and documentation for purposes of the integrity screening.

Finnius is very experienced in coordinating DNO-applications. We can help you with compiling a comprehensive DNO-application.

After filing

After having submitted the entire license application package (including the DNO-applications), the waiting starts. Typically, the applicant will receive 2 or 3 rounds of questions from the AFM. These questions require careful answering, and will lead to changes in the application documentation. The AFM expects blacklines versions, and elaborate and structured answers to their questions.



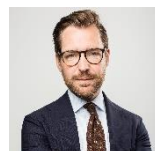
Also, in this phase it is possible that the AFM invites the envisaged management board and (to the extent applicable) supervisory board members to the AFM offices for an interview, to test their suitability for their function. Finnius is experienced in prepping and training envisaged directors for these interviews. These prep talks have proven to be very fruitful and valuable.

Contact

Let Finnius help you to smoothen your application process. Are you interested in applying for a MiFID II-license in the Netherlands, please contact us.



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