

SCHEDULE 3

Transitional Provisions

PART 1

Transitional provisions relating to Electronic Money Regulations 2011

Power of FCA to cancel transitional authorisation

8.—(1) The FCA may cancel a person's transitional authorisation and remove the person from the register where—

- (a) the person's authorisation by the person's home state competent authority is cancelled,
- (b) the person has failed to comply with the terms of the person's authorisation by the person's home state competent authority,
- (c) the person does not issue electronic money in the United Kingdom during the 12 months beginning with exit day,
- (d) the person ceases to engage in business activity in the United Kingdom for more than 6 months,
- (e) the person's notification for the purposes of paragraph 2(1)(c) contains false statements,
- (f) the person lacks one or more of the following—
 - (i) robust governance arrangements for its electronic money issuance and payment service business, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility,
 - (ii) effective procedures to identify, manage, monitor and report any risks to which the person might be exposed, and
 - (iii) adequate internal control mechanisms, including sound administrative, risk management and accounting procedures,
- (g) any of the directors, or other persons responsible for the management of the person's electronic money and payment services business, is not of good repute,
- (h) the person does not have a business plan under which appropriate and proportionate systems, resources and procedures will be employed by the person to operate soundly,
- (i) the person has not taken adequate measures for the purposes of safeguarding electronic money holders' funds in accordance with regulation 20 of EMR 2011,
- (j) in the case of a person carrying on payment initiation services, the person does not hold professional indemnity insurance, or a comparable guarantee, of the kind mentioned in regulation 6(6)(e) of EMR 2011,
- (k) the person would constitute a threat to the stability of, or trust in, a payment system by continuing the person's electronic money or payment services business,
- (l) the cancellation is desirable in order to protect the interests of consumers, or
- (m) the person's issuance of electronic money or provision of payment services is otherwise unlawful, including where such provision of services is unlawful because the person's registration in a register maintained under regulation 54 or 55 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017⁽¹⁾ has been cancelled under regulation 60 of those Regulations.

(1) [S.I. 2017/692](#).

Status: *This is the original version (as it was originally made).*

(2) Regulation 10(4) to (7) of EMR 2011 apply in relation to cancellation under sub-paragraph (1) of this paragraph as they apply in relation to cancellation under regulation 10(1) of those Regulations.