
The operating licence for an investment firm

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An investment firm is a public limited company whose permanent business is to provide one or several investment services to third parties or to perform one or several investment activities on a professional basis. An authorisation issued by the Estonian Financial Supervision Authority (Finantsinspektsioon) is required in order to operate as an investment firm.

Authorisations are granted for the provision of one or more investment services. An authorisation may include one or more ancillary services. Investment firms are not granted a separate authorisation solely for the provision of ancillary services.

Investment firms may only provide the investment services and ancillary services for which they have been granted authorisation. In order to provide investment services and ancillary services not indicated in the authorisation, investment firms must apply for an additional authorisation.

Application for authorisation of investment firms

In order to apply for an authorisation, the applicant must submit to the Financial Supervision Authority the information and documents indicated in the [Commission Delegated Regulation \(EU\) 2017/1943](#) and the [Commission Delegated Regulation \(EU\) 2017/1945](#) and the following information and documents:

1. upon foundation of a company, a notarised transcript of the memorandum of association or foundation resolution;
2. a copy of the articles of association and, in the case of an operating company, the resolution of the general meeting on amendment of the articles of association and the amended text of the articles of association;
3. a list of the shareholders of the applicant which sets out the name and the personal identification code or registry code of each shareholder, or the date of birth in the absence of a personal identification code or registry code, and information on the number of shares and votes to be acquired or owned by each shareholder;
4. information relating to shareholders and other persons with a qualifying holding in the applicant and information relating to relationships with investment firms, credit institutions, insurance undertakings or other persons subject to financial supervision authorised in a Contracting State;

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5. information on the applicant's managers, including, for each person, the name and surname, personal identification code or, in the absence thereof, date and place of birth, educational background, a complete list of places of employment and positions held during the last five years and, for the members of the board of management, a description of their areas of responsibility and other documents certifying the managers' trustworthiness and conformity to the requirements of the Securities Market Act which the applicant deems necessary to submit;
 6. information on companies in which the holding of the applicant or its manager exceeds 20 per cent, which also sets out the amount of share capital, a list of the areas of activity and the size of the holding of the applicant and each manager;
 7. information on the auditor and person(s) conducting the internal audit of the applicant, including the name, residence or registered office, personal identification code or, in the absence of the personal identification code, the date of birth or registry code;
 8. the opening balance sheet of the applicant and an overview of the revenue and expenditure of the applicant or, in the case of an operating company, the balance sheet and income statement as at the end of the month prior to submission of the application and, if they exist, the last three annual reports;
 9. in the case of an operating company, documents certifying the amount of own funds together with the sworn auditor's reports;
 10. if a credit institution, management company, investment fund, investment firm, insurance undertaking or another person subject to financial supervision of a third country has a qualifying holding in the applicant, confirmation from the supervision authority of the appropriate state to the effect that the specified person of a third country holds a valid authorisation and, according to the knowledge of the supervision authority, its activities are not contrary to legislation in force;
 11. the applicant's three-year business plan which sets out at least a description of the applicant's planned activities, organisational structure, places of business, information systems and other technical facilities, and a description of its economic indicators;
 12. the accounting policies and procedures and the internal policies specified in the Securities Market Act or their drafts;
 13. the rules of procedure specified in the Money Laundering and Terrorist Financing Prevention Act and the internal audit rules to monitor compliance therewith;
 14. a document by which the applicant assumes the obligation to pay the single contribution to the Investor Protection Sectoral Fund prescribed in the Guarantee Fund Act;
 15. certification to the Financial Supervision Authority concerning payment of the administrative fee.

The details of managers must be provided to the Financial Supervision Authority via the [fit and proper assessment form](#).

In addition to the above, the [guidelines](#) applicable to the field of investment must be taken into consideration.

The Financial Supervision Authority may demand the submission of additional information and documents if it is not convinced on the basis of the information and documents submitted as to whether the applicant has adequate facilities for the provision of investment services or whether it meets the requirements for investment firms prescribed by law or on the basis thereof.

If, in the course of the authorisation proceedings, circumstances arise which do not allow for the adoption of a decision to grant or refuse to grant authorisation within the period prescribed by law, the applicant must consider the need to withdraw the application. The withdrawal of an application for authorisation does not prevent the resubmission thereof, if the problems and deficiencies encountered earlier in the proceedings have been remedied. In the event of the repeated submission of an application, reference may be made to information and documents submitted in the earlier proceedings provided that these are still up to date. However, please note that repeated authorisation proceedings do not necessarily guarantee a positive decision to grant an authorisation.

Time limit of proceedings

The Financial Supervision Authority makes a decision to grant or refuse to grant an authorisation within two months of the receipt of all the required information and documents, but no later than within six months of the receipt of the application for the authorisation.

Administrative fee

The administrative fee payable when applying for the authorisation of an investment firm is 1000 euros.

Application for authorisation to operate abroad

An investment firm established and holding an authorisation in Estonia may provide investment services or ancillary services abroad by establishing a branch, using an investment agent or providing services on a cross-border basis. An investment firm may only provide ancillary services abroad together with the provision of an investment service.

In order to establish a branch in a third country, investment firms must apply for permission from the Financial Supervision Authority. To apply for permission, a written application and the following information must be submitted to the Financial Supervision Authority:

1. the state where the branch is to be established;
2. the name and address of the branch;
3. a programme of operations of the branch which sets out at least a description of the planned activities, the applicant's organisational structure and outsourced functions;
4. information on persons responsible for the management of the branch via the [fit and proper assessment form](#) of the Financial Supervision Authority.

Requirements concerning the establishment and activities of a branch apply to the provision of investment services through the medium of an investment agent established in a third country.

Establishment of branches of investment firms in countries of the European Economic Area

The establishment of a branch of an investment firm in a country of the European Economic Area is provided for in the Securities Market Act. The freedom of establishment of investment firms is based on Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (MiFID 2), specifically Article 35 thereof. Investment firms have the right to provide, through their branch, the investment and ancillary services set out in the Annex to MiFID 2 which are related to relevant financial instruments.

If an investment firm wishes to use an investment agent established in another country, this is considered equivalent to the establishment of a branch and is subject to the provisions governing the establishment and operation of a branch.

An investment firm that wishes to provide the investment and ancillary services set out in its authorisation in another country of the European Economic Area and to establish a branch in the territory of that country or to use an investment agent in that Contracting State for that purpose **must notify the Financial Supervision Authority of its intention and submits the following information and documents:**

1. the name of the Contracting State where the investment firm wishes to establish a branch or use an investment agent;
2. a programme of operations of the branch that must include information concerning the investment and ancillary services it plans to provide in that country;
3. information on the organisational structure of the branch and on whether the branch intends to use investment agents and, if there is an agent, the name, place of residence or registered office, personal identification code or, in the absence thereof, date of birth or registry code of the agent;
4. if an investment agent is used, a description of the investment agent, including information on reporting lines and on how the agent fits into the corporate structure of the investment firm;
5. the contact address of the branch or investment agent in the Contracting State where documents required may be obtained;
6. information on managers of the branch or persons responsible for the management of the investment agent via [the fit and proper assessment form](#) of the Financial Supervision Authority.

The information required to establish a branch must be submitted using the form provided in Annex VI to [Commission Implementing Regulation \(EU\) 2017/2382](#).

The **documents** required for the establishment of a branch must be **submitted in Estonian** together **with a translation into the official language** or one of the official languages **of the country** where the investment firm wishes to establish a branch which has been certified by **a notary or sworn translator**. Many supervision authorities also accept documents in English.

An investment firm must inform the Financial Supervision Authority of changes in the information or documents indicated in the Securities Market Act at least one month before entry into force of the changes, where possible, or immediately after entry into force of the changes. The Financial

Supervision Authority also notifies the supervision authority of the other country of the changes. The information concerning changes to the details of a branch must be submitted using the form provided in Annex VI to [Commission Implementing Regulation \(EU\) 2017/2382](#).

Time limit of proceedings

The Financial Supervision Authority decides whether to forward all the information and documents required to establish a branch to the other country's supervision authority or to refuse to do so within two months of receipt thereof, but no later than **within three months** of receipt of the application. The Financial Supervision Authority immediately notifies the investment firm of its decision to forward or refuse to forward the information and documents.

Investment firms may establish a branch in another country in accordance with the law of that country.

Please note! The Financial Supervision Authority does not provide advice to the founder of the branch on matters of business law (including the establishment of a branch) and tax law. We recommend that you consult a relevant legal adviser for this purpose.

Administrative fee

If the branch of an investment company is established in a country of the European Economic Area, there is no need to pay an administrative fee to the Financial Supervision Authority.

Establishment of branches of foreign investment firms in Estonia

An investment firm registered in a third country must apply for permission from the Financial Supervision Authority to establish a branch in Estonia.

When applying for permission, the following must be submitted to the Financial Supervision Authority:

1. the name and address of the investment firm in its home country and the business name and address of the branch in Estonia;
2. the scope of the authorisation granted to the investment firm and the agency that granted the authorisation;
3. details of the manager of the branch via the [fit and proper assessment form](#) of the Financial Supervision Authority.
4. information on persons having a qualifying holding in the investment firm pursuant to the provisions of subsection § 74 (1) of the [Securities Market Act](#);
5. information and documents pursuant to the provisions of clauses § 386 (2) 1), 3), 4) and 5) of the [Commercial Code](#);
6. the annual reports of the applicant for the past two financial years;
7. a programme of operations of the branch which sets out at least a description of the planned

activities, the applicant's organisational structure and outsourced functions, accompanied by a description of the relationship with the investment firm;

8. information on the financial situation of the applicant, including the size of its own funds, capital adequacy and solvency and on the investor protection scheme in its home country.

In addition, a third country investment firm must submit the following from the securities market supervisory agency of its home country to the Financial Supervision Authority:

1. a consent to the establishment of a branch in Estonia;
2. a confirmation that the investment firm holds a valid authorisation in its home country, that it pursues its activities in a correct manner and in accordance with good practices and that it complies with the international standards of money laundering and terrorist financing prevention.

Information and documents which are in a foreign language must be submitted together with a translation into Estonian made by a sworn translator or notarially certified. With the consent of the Financial Supervision Authority, the above-mentioned information and documents may be submitted in another language.

Establishment of branches of investment firms of Member States in Estonia

Investment firms of Contracting States must inform the Financial Supervision Authority through the securities market supervisory agency of their Contracting State of their intention to establish a branch in Estonia or to provide investment services through the medium of an investment agent if the investment agent is not located in the home country.

The following documents must be submitted to the Financial Supervision Authority:

1. a programme of operations setting out information on all the planned services;
2. upon the establishment of a branch, the organisational structure of the branch and information on whether the branch intends to use an investment agent and, upon the use of an agent, the name, place of residence or registered office, personal identification code or, in the absence thereof, the date of birth or registry code of the agent;
3. the contact address in Estonia where documents required may be obtained;
4. information on managers of the branch or persons responsible for the management of the investment agent via the [fit and proper assessment form](#) of the Financial Supervision Authority;
5. if an investment agent is used, a description of the investment agent, including information on reporting lines and on how the agent fits into the corporate structure of the investment firm;
6. the description of the investor protection scheme applicable in the Contracting State.

Information and documents that are in a foreign language must be submitted together with a translation into Estonian made by a sworn translator. With the consent of the Financial Supervision

Authority, the above-mentioned information and documents may be submitted in another language.

Time limit of proceedings

The Financial Supervision Authority makes a decision to grant or refuse to grant an authorisation for the establishment of a branch of an investment firm registered in a third country within two months of the receipt of all the required information and documents, but no later than within six months of the receipt of the application.

Investment firms of Contracting States may establish a branch and commence their activities after the Financial Supervision Authority has notified the securities market supervisory agency of the Contracting State of the receipt of the required information and documents or two months after the date on which the Financial Supervision Authority received the aforementioned information and documents.

Administrative fee

An administrative fee of 1000 euros must be paid to the Financial Supervision Authority for the establishment of an Estonian branch of an investment firm registered in a third country as well as for the application for permission to provide cross-border services in Estonia as an investment firm registered in a third country.

Provision of cross-border investment services in countries of the European Economic Area

The provision of cross-border investment services is regulated by the Securities Market Act. The freedom of investment firms to provide cross-border services is based on Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (hereinafter referred to as MiFID 2), specifically Article 34 thereof. Investment firms have the right to provide the investment and ancillary services set out in the Annex I to MiFID 2, which are related to relevant financial instruments, on a cross-border basis.

An investment firm that wishes to provide investment and ancillary services for the first time without establishing a branch must notify the Financial Supervision Authority thereof and submit the following information and documents:

1. the name of the country in which the investment and ancillary services are to be provided;
2. a programme of operations along with the description of planned investment and ancillary services;
3. if the investment firm intends to use an investment agent in the country where it wishes to provide its services, then the personal information of that investment agent.

The information and documents specified must be submitted together with a translation made by a sworn translator into the official language or one of the official languages of the Contracting State where the investment firm intends to provide the services indicated in subsection 1. In general, all Contracting States accept information in English.

Investment firms submit a notice concerning the authorisation of investment services and activities to the Financial Supervision Authority in accordance with Article 34 (2) or (5) of Directive 2014/65/EU, using the form provided in Annex I to [Commission Implementing Regulation \(EU\) 2017/2382](#).

Time limit of proceedings

The Financial Supervision Authority decides whether to forward or refuse to forward the information and documents to the securities market supervisory agency of the respective Contracting State or third country and immediately notifies the investment firm thereof. If the Financial Supervision Authority makes a decision concerning the transmission of such information and documents, they are to be forwarded to the securities market supervisory agency of the relevant Contracting State **within one month** of receipt of the information from the investment firm. Investment firms may start to provide cross-border services, taking into consideration the conditions provided for in the legislation of the relevant Contracting State or third country and established by the securities market supervisory agency of the relevant state, starting from the disclosure of the decision to forward the information to the investment firm.

Provision of cross-border investment services in Estonia

The provider of cross-border investment services itself or its branch is not registered in Estonia. An investment firm registered in a country of the European Economic Area may start to provide cross-border investment services in Estonia after the securities market supervisory agency of the other country has notified the Financial Supervision Authority in accordance with Article 34 (2) or (5) of Directive 2014/65/EU, using the form provided in Annex I to [Commission Implementing Regulation \(EU\) 2017/2382](#).

An investment firm providing cross-border investment services must notify both the Financial Supervision Authority and the other country's securities market supervisory agency of any proposed changes to its business plan in writing and in good time.

In order to provide investment services in Estonia on a cross-border basis, a third country investment firm is required to apply for permission from the Financial Supervision Authority.

Upon applying for an authorisation for the cross-border provision of services, the following information and documents must be submitted to the Financial Supervision Authority:

- 1) the name and address of the investment firm in its home country;
- 2) the scope of the authorisation granted to the investment firm and the agency that granted the authorisation;
- 3) information on managers of the investment firm pursuant to the provisions of clause 5 of subsection 1 of § 54 of the [Securities Market Act](#) which certifies the compliance of the managers with the requirements provided for in § 79;
- 4) information on persons having a qualifying holding in the investment firm pursuant to the provisions of subsection 1 of § 74 of the [Securities Market Act](#);
- 5) information pursuant to the provisions of clauses § 386 (2) 1), 3), 4) and 5) of the [Commercial](#)

[Code](#);

- 6) the audited annual reports of the applicant for the past two financial years;
- 7) a programme of operations of the applicant setting out information on all the services;
- 8) information on the financial situation of the applicant, including the size of its own funds, capital adequacy and solvency and on the investor protection scheme in its home country.

In addition to the information specified above, a third country investment firm must submit the following from the securities market supervisory agency of the home country to the Financial Supervision Authority:

- 1) a consent to the cross-border provision of services in Estonia;
- 2) a confirmation that the investment firm holds a valid authorisation in its home country, that it pursues its activities in a correct manner and in accordance with good practices and that it complies with the international standards of money laundering and terrorist financing prevention.

The information and documents indicated above which are in a foreign language must be submitted together with a translation into Estonian made by a sworn translator. With the consent of the Financial Supervision Authority, the above-mentioned information and documents may be submitted in another language.

Time limit of proceedings

Applications for authorisation, review of applications and the grant and revocation of authorisations are subject to the provisions of §§ 51-53, subsections 1-41 of § 55 and §§ 551, 56 and 58 of the [Securities Market Act](#) regulating the authorisations of investment firms and applications therefor.