



APPLICATION FOR REMITTANCE LICENSE

PURPOSE

The following sets out the Authority's expectations when considering an application for a remittance licence under section 7 of the Money-Changing and Remittance Business Act ("MRCBA"). Applicants are expected to adhere to the following: -

LICENSING CRITERIA

General Criteria

1. An applicant must be incorporated as a company in Brunei Darussalam and must fulfil the governance and ownership requirements set out in Appendix I. At the point of application, the applicant is only expected to indicate its business name and details relating to its proposed incorporation in Brunei Darussalam.
2. An applicant must provide a clear value proposition with the innovative use of technology in the provision of a remittance service. Prior to submission of an application, the applicant is expected to demonstrate that its business operations and business model will bring added value and innovation to the remittance landscape whilst safeguarding the financial integrity and stability of Brunei Darussalam's financial system, and that the public's interest and needs will be served.
3. An applicant is required to perform vulnerability assessment and penetration test of its proposed online financial services, remediate all high-risk findings identified, and conduct independent validation on the effectiveness of the remediation actions due to the nature of providing online financial services. This does not need to be completed prior to application but must be completed prior to the grant of license.
4. An applicant must have a permanent place of business or registered office where the applicant's books and records can be securely held. At the point of application, the applicant is only expected to indicate the proposed place of business where it has assessed its suitability and include it in its business plan and its financial projections.

Fit and Proper

5. An applicant must ensure that its key responsible persons¹, shareholders and employees, are fit and proper.
6. In assessing whether a person is fit and proper, several criteria will be considered, as specified in the MCRBA, in addition to the following –
 - a) Honesty, integrity and reputation;
 - b) Competence and capability;
 - c) Financial soundness.
7. In determining honesty, integrity and reputation of a person, the Authority may have regard to all relevant matters including, but not limited to, criminal offences that may have arisen either in Brunei Darussalam or elsewhere. An applicant and its Group must not have any adverse reputation.
8. In determining competence and capability, the Authority may have regard to the key responsible persons' educational qualifications, professional certifications and experience in operating a remittance business or related areas in the financial services industry. Where an individual manages a sizeable team, the key responsible person must have the relevant experience, competencies and influence, to allow them to exercise effective oversight and control over the business activities and staff.
9. In determining financial soundness, key responsible persons must be able to demonstrate that they are able to manage their own debts or financial affairs prudently such that there are no loan/finance defaults or court judgements related to debt or credit facilities in their name or associated parties.

Minimum Financial Requirements

10. An applicant must be able to demonstrate that it has adequate business capital to operate its day-to-day operations and development of the business in Brunei Darussalam. The applicant must ensure that it maintains sufficient capital buffer, bearing in mind the scale and scope of its operations and the potential for profit and losses. The amount of capital to be provided will be determined by the Authority on a case-to-case basis depending on the scale and nature of its operations.
11. An applicant must provide the required security prior to commencing business, in the form of a bank guarantee in the prescribed format amounting to BND 55,000 or as may be specified by the Authority.

¹ Key responsible persons referred to in this document includes directors, Chief Executive Officers and other senior management. Applicants may reach out to BDCB for further details.

Organisational Requirements

12. An applicant must have in place plans to institute and maintain internal control mechanisms and arrangements, that are commensurate with the nature, scale and complexity of its business, which provide for –
 - a) an effective system of checks and balances to ensure compliance with internal policies, procedures and processes, the MCRBA and relevant regulations or notices issued by the Authority; and address the likelihood of mismanagement and fraud. This, amongst others, include compliance arrangements and independent audit arrangements;
 - b) an effective management of risks that enable the identification and control of risks in its operations;
 - c) an effective contingency arrangement and business continuity plan in the event of unexpected events that materially affect operations.
13. The minimum requirements for compliance arrangements are set out in Appendix 2. Regardless of the setup of the compliance arrangements, the ultimate responsibility and accountability for ensuring compliance with applicable laws, notices etc. rest with the applicant's key responsible persons, and compliance officer.
14. Independent audit arrangements are expected to regularly assess the adequacy and effectiveness of its procedures, controls, and its compliance with regulatory requirements. The audit may be conducted by the applicant's internal audit team, an independent internal audit team from the applicant's head office, or outsourced to a third-party service provider.

SUBMISSION OF APPLICATION

15. Applicants who have assessed that they are able to meet the licensing criteria are required to submit a completed application including a business proposal which contains the following: -
 - a) Ownership/shareholding structure;
 - b) Business model and plan;
 - c) AML/CFT policies and procedures;
 - d) Compliance arrangement;
 - e) Risk Management, including Technology Risk Management as set out in Appendix 3; and

f) Audit Arrangement.

16. The Business model and plan should be clear and describe how the proposed remittance service is innovative and have no comparable offerings in Brunei Darussalam, with clear potential to:
- a) Improve accessibility, efficiency, security and quality in the provision of remittance services;
 - b) Enhance the efficiency and effectiveness of risk management including Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) and technology risk; and
 - c) Lead to a better deal for consumers directly or indirectly in terms of convenience, speed and costs.

Further information required for submission of applications are outlined in Appendix 3.

17. Applicants are required to pay a non-refundable fee of BND200.00 (Brunei Dollars Two Hundred only) regardless of the outcome of the application. Successful applicants will be required to pay an annual fee as prescribed in the MCRBA.
18. Without prejudice to the criteria set out above, the Authority may consider each application on its own merits and may consider other factors, where appropriate, on a case-to-case basis; and may, from time to time, impose any other conditions on the applicant.
19. All current versions of the appendices referred to in this document including the application form can be downloaded from the Authority's website at www.bdcg.gov.bn.

Note: The Authority reserves the right to change these criteria at any time without prior notice. In the event that any changes are made, the revised criteria shall be posted on the Authority's website immediately. Please check the latest information posted on the Authority's website to be informed of any changes.

Appendix 1: Governance and Ownership Requirements

Applicants must be incorporated in Brunei Darussalam and have at least two directors.

- If there are only two directors, one of the executive directors must be a citizen of Brunei Darussalam and the other director must be ordinarily resident in Brunei Darussalam.
- If there are more than two directors, one of the executive directors must be a citizen of Brunei Darussalam and at least two of the directors must be ordinarily resident in Brunei Darussalam.

Where a company is locally owned, more than 50% of the equity shareholdings must be beneficially owned and effectively controlled by citizens of Brunei Darussalam and a majority of the board of directors of the company must be citizens of Brunei Darussalam.

Appendix 2: Minimum Compliance Arrangements

The applicant must ensure that it has adequate compliance arrangements commensurate with the scale, nature and complexity of its operations. This may take the form of:

- An independent compliance function – The applicant is required to put in place an independent compliance function in Brunei Darussalam with staff who are suitably qualified. Compliance staff may perform other non-conflicting and complementary roles such as that of an in-house legal counsel. Applicants may refer to Guidelines on Minimum Requirements for Money-Changing and Remittance Business Compliance Officer [Guideline No.SM/G-2/2020/2].
- Compliance support from holding company or overseas related entity – The applicant may obtain compliance support from an independent and dedicated compliance team at its holding company, or at an overseas related entity, provided that it is able to demonstrate that there is adequate oversight by the applicant's compliance office or key responsible persons.

The applicant must also develop appropriate compliance management arrangements, including at least, the appointment of a suitably qualified compliance officer at the management level. This individual is expected to have sufficient expertise and authority to oversee the compliance function of the applicant, although he may be assisted by other staff in day-to-day operations.

If this officer has yet to be employed at the point of application, he/she must, at the minimum, have been identified at the point of application and must be employed and appointed prior to the applicant commencing business.

The applicant must be aware that regardless of the arrangement chosen, the key responsible persons and compliance officer of the applicant are ultimately responsible for all compliance and regulatory matters and must maintain adequate oversight over the arrangements.

Appendix 3: Information required for License Applications

The applicant must ensure that it fully meets the admission criteria and has ensured that the application is complete, free of errors and inconsistencies, and accompanied by the requisite supporting documents stated in the application form.

The business plan must illustrate compliance with the MCRBA and relevant subsidiary legislation, and include the information below:

- Jurisdictions serviced (where applicable);
- Profile of target clientele;
- Professional experience and expertise of the proposed management team;
- Proposed products and services, specifically on the details of its proposed innovative use of technology, including but not limited to:
 - General information regarding website or app;
 - The aesthetic, i.e., how it will look;
 - Onboarding process;
 - The process flow and linkages;
 - Other information the Authority deems significant.
- Detailed funds flow plan and channels, including transaction and/or process flow diagrams. If there is more than one product or service, or more than one type of transaction and/or process flow, one diagram must be provided for each flow. The diagrams should:
 - Describe the beginning to an end of a typical transaction, starting from the sources of funds that the applicant will accept (e.g., bank transfers, cards) until where the obligation to the customer is fully discharged;
 - Illustrate both the interactions between the customer and the applicant and the flow of funds;
 - Have timelines indicated, including service level agreements with third parties, and payment and settlement cycles, where applicable;
 - Display its use of innovative technology or a different manner of delivering products or services from that commonly seen in the market;
 - Include all third parties involved (e.g., other payment service providers, banking partners, intermediaries, other agents) and show their roles in the process.
- Implementation plans, including the anticipated timeline for launch, as well as systems, processes, and third parties, including the name, jurisdictions that it operates in (where applicable), and licensing/registration status;
- Technology Risk Management – The applicant must set out its framework for assessing and managing technology risks, and implement measures to protect customer data, transactions and systems that are commensurate with the level of risk and complexity of the financial services offered and the technologies supporting such services. The applicant should refer to the Standard Technology Risk Management Guidelines (Guideline No. TRS/G-1/2019/1) for guidance on IT risk management principles and best practices; and
- Adequate internal control systems;
- Compliance and audit – The applicant must provide the following information and documents that are in line with the nature of the proposed business model:

- Policies and procedure that demonstrate compliance with relevant laws, notices and guidelines issued by the Authority including AML/CFT;
 - Enterprise-wide money-laundering/terrorism financing risk assessment;
 - Governance, escalation and reporting arrangements. This must include details of the involvement of the key responsible persons in the oversight and resolution of AML/CFT and any other issues that may arise in the course of the licensee's business.
- Implementation plans of compliance management arrangements, including systems that will be used;
- Name and Curriculum Vitae ["CV"] of the compliance officer, including details of any formal compliance accreditation. If there is/will be a separate AML/CFT compliance officer, name and CV of the AML/CFT compliance officer, including details of any formal AML/CFT accreditation;
- Staffing arrangements for the compliance function, if it not already provided as part of the organizational chart. This must include details on all outsourced compliance functions, including where the outsourced provider and team is located, relationship between the applicant and the outsourced provider (e.g., vendor, parent company). Licensing/registration status of the outsourced provider, and oversight arrangements;
- Internal and external audit arrangements.