
The operating licence for a credit institution

Related links

[The Credit Institutions Act](#)

[The Commercial Code](#)

- [Applying for an operating licence as a credit institution](#)
- [Setting up a branch of a credit institution in a country in the European Economic Area](#)
- [Setting up a branch of a credit institution in a foreign country](#)
- [Setting up a branch of a credit institution from the European Economic Area in Estonia](#)
- [Setting up a branch of a credit institution from a foreign country in Estonia](#)
- [Providing cross-border services in countries in the European Economic Area](#)
- [Providing cross-border services in Estonia](#)

The main and permanent activity of a credit institution, i.e. a bank, is to raise cash deposits and other repayable funds from the public and to grant loans or otherwise finance them on its own account. In order to set up a credit institution, it is necessary to apply for credit institution authorisation from Finantsinspektsioon.

Only raising deposits from the public entitles a company to use the name 'bank'. Of the companies established in Estonia, only those that have obtained the authorisation of a credit institution licence from Finantsinspektsioon are allowed to raise deposits from the public.

Application for credit institution authorisation

In order to obtain the authorisation, the members of the management board of the company to be established or already operating (the applicant) must submit to Finantsinspektsioon a written application for authorisation, the data set out in [Commission Delegated Regulation \(EU\) 2022/2580](#)> on the form provided in [Commission Delegated Regulation \(EU\) 2022/2581](#)> and **the documents and data specified in the Credit Institutions Act** (unless they are included on the form of Commission Delegated Regulation (EU) 2022/2581):

1. A copy of the articles of association and in case of an operating company, a decision of the general meeting on the amendment of the articles of association with the amended text of the articles of association;
2. Upon the foundation of a company, a notarised transcript of the memorandum of association or foundation resolution and a document certifying that contributing to the share capital is possible;
3. a business plan that complies with the requirements of the Credit Institutions Act;
4. for an operating company, documents certifying the amount of own funds with a sworn

auditor's report;

5. the opening balance sheet of the applicant and an overview of revenue and expenditure or, for an operating company, the balance sheet and income statement as of the end of the month preceding the month of submission of the application and the last three annual reports if they exist;
6. information on the IT and other technological means and systems, security systems, control mechanisms and systems needed for the provision of the intended financial services;
7. the internal rules and procedures, or their drafts, that regulate the activities, in accordance with the Credit Institutions Act and the requirements of the Securities Market Act on internal rules, if the business plan envisages the provision of investment services;
8. the accounting policies and procedures or their draft;
9. the statutes of the internal audit unit or its draft;
10. information on the members of the management board and supervisory board of the applicant (hereinafter *the managers*), including, for each person, the name and surname, personal identification code or, in the absence thereof, date of birth, educational background, a complete list of places of employment and positions and, for the members of the management board, a description of their areas of responsibility and documents certifying the management's trustworthiness and conformity to the requirements of the Credit Institutions Act that the applicant deems necessary to submit; These details must also be provided for the key employees of the credit institution referred to in § 48 (3¹) of the Credit Institutions Act (the chief financial officer, the head of compliance, risk control or internal audit unit who is not the manager of the credit institution). The details of the managers and key employees must be provided to Finantsinspeksioon on the [Suitability Assessment Form](#)>.
11. information on the auditor of the applicant, including their name, residence or seat, personal identification code or, in the absence of the identification code, the date of birth or registry code;
12. a list of the shareholders or members of the applicant that specifies the name of every shareholder or member, their registry code or personal identification code, if any, 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 or member;
13. documents for the last three years proving the financial status of a natural person who is a shareholder or member of the applicant, if his or her share exceeds 2% of the applicant's share capital or number of votes;
14. the articles of association of the legal entity that is a shareholder or member of the applicant, together with the annual reports for the last three financial years, together with the sworn auditor's reports and a list of shareholders or members, together with their respective holdings in the share capital of the company, if the legal entity holds more than 5% of the applicant's share capital or voting rights;
15. the data and documents referred to in § 30 of the Credit Institutions Act for the persons who own qualifying holdings in the applicant, including:
 1. the name, residence or seat and, if any, registry code of the acquirer, in the case of a company, also a certified copy of the registry certificate and, if available, a copy of its articles of association;
 2. the details of the acquirer who is a natural person or the members of the management board and of the supervisory board of the acquirer who is a legal entity on the [Suitability Assessment Form](#)>;
 3. if available, the acquirer's annual reports for the last three financial years, together with the sworn auditor's report. If more than nine months have passed since the end of the last financial year, an audited interim report for the first half of the financial year together with the sworn auditor's report will be submitted;

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4. in the case of an acquirer belonging to a consolidation group, a description of the structure of the consolidation group with information on the size of the holdings of the companies belonging to the group and the last three annual reports of the consolidation group and the sworn auditor's reports;
 5. documents for the last three years proving the financial status of the acquirer who is a natural person;
 6. data and documents on the origin of the financial and non-financial resources for which the qualifying holding is to be acquired;
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16. information on companies in which the holding of the applicant or a member of management thereof exceeds 20%, whereas such information must also include the amount of share capital, a list of the areas of activity and the extent of the holding of the applicant or manager;
 17. the document with which the applicant enters into the obligation to make the single contribution into the Deposit Guarantee Sectoral Fund and the single contribution to the Investor Protection Sectoral Fund provided in the Guarantee Fund Act if the company plans to provide investment services in the business plan;
 18. a description of the structure of the applicant's consolidation group, with details of the sizes of the shareholdings of the companies within the group, including details of the parent companies, financial holding companies and mixed financial holding companies within the group.

The application to be submitted to Finantsinspektsioon must be in Estonian or in Estonian and English in parallel. If the applicant wants to submit other documents related to the procedure in English, the corresponding wish must be clearly stated in the application. Finantsinspektsioon has the right, but not the obligation, to take the applicant's request into account.

Finantsinspektsioon may demand the submission of additional information and documents if it is not convinced on the basis of the submitted information and documents as to whether the applicant for an activity licence has adequate facilities for the provision of financial services or whether it meets the requirements established by legislation, or if other circumstances relating to the applicant need to be verified.

Share capital and equity of bank

When a bank is established as a new company, the paid-up share capital must be equivalent to at least five million euros. Only amounts actually paid in may be shown as the bank's share capital. Payments for shares may only be made in money when a bank is established. Monetary contributions are paid into the account opened in the name of the bank being established in Eesti Pank or in the account opened in an Estonian credit institution. A bank may not be established by means of a public subscription for shares.

In the case of an active company, the initial capital of the bank must be at least five million euros. The initial capital consists of the capital and the reserves specified in Article 26(1)(a)-(e) of [Regulation \(EU\) No 575/2013 of the European Parliament and of the Council](#).

Processing deadline

It takes 6-12 months to process the application for authorisation as a bank. The decision to grant or refuse to grant authorisation is made **within six months after receipt of all the necessary documents and information that meet the requirements**, but not later than within 12 months after

receipt of the application for authorisation.

The decision to grant an authorisation is made by the European Central Bank pursuant to [Council Regulation \(EU\) 1024/213](#) on the basis of a proposal made by Finantsinspektsioon.

Processing fee

The processing fee payable when applying for the authorisation of a credit institution is 1500 euros.

Establishment of a branch of a credit institution in a Member State of the European Economic Area

A credit institution that wants to establish a branch in another country of the European Economic Area (Contracting State) must notify Finantsinspektsioon of its intention and submit the following information and documents to Finantsinspektsioon:

1. the name of the Contracting State in which the credit institution wants to establish a branch;
2. the action plan of the branch, which contains data on all the financial services which the branch proposes to offer in the Contracting State, and a description of the organisational structure of the branch;
3. the address of the branch in the Contracting State;
4. details of the branch managers, using the [Suitability Assessment Form](#).

When submitting the notification of the intention to establish a branch to Finantsinspektsioon, credit institutions use the form provided for in Annex I to the [Commission Implementing Regulation \(EU\) No 926/2014](#).

The documents required for the establishment of a branch are submitted in Estonian, together with an official translation into the official language or one of the official languages of the Contracting State in which the credit institution wants to establish a branch.

The establishment of a branch of a credit institution in another country is not subject to the procedural fee set out in the Financial Supervision Authority Act.

Processing deadline

The procedure for establishing a branch of a credit institution in the European Economic Area **may take up to 5 months**.

Finantsinspektsioon makes the decision on whether or not to forward the data and documents to the financial supervisory authority of the Contracting State **within three months** of receipt of all the requested information and documents. Finantsinspektsioon notifies the credit institution without delay of its decision to forward or refuse to forward the data and documents.

A credit institution may establish a branch in a Contracting State if it has received the conditions for establishing a branch in that Contracting State set by the financial supervisory authority of the Contracting State of the location of the branch. If the financial supervisory authority of the Contracting State of the location of the branch has not submitted its conditions within two months of receiving the documents and information, the credit institution may establish a branch in the Contracting State.

The credit institution must notify Finantsinspektsioon and the financial supervisory authority of the Contracting State of the location of the branch of any changes to the data or documents provided for in the Credit Institutions Act (such as the action plan, the financial services provided, the organisational structure, the head of the branch, the address of the branch, etc.) **at least one month** before the changes enter into force.

When submitting the notification concerning changes in the data to Finantsinspektsioon and the competent authorities of the receiving Member State, credit institutions use the form provided for in Annex I to the [Commission Implementing Regulation \(EU\) No 926/2014](#), unless the change is related to the intended termination of the branch's operations. In submitting the notification concerning the termination of activities of the branch to Finantsinspektsioon and the competent authorities of the receiving Member State, credit institutions use the form provided for in Annex IV to the [Commission Implementing Regulation \(EU\) No 926/2014](#).

Please note! Finantsinspektsioon does not advise the founder of the branch on matters of commercial law (including the establishment of a branch) and tax law. Please consult the relevant legal advisers on these issues if necessary.

Establishment of a branch of a credit institution in a third country

According to the Credit Institutions Act, if a credit institution wants to establish a branch in a third country, an application must be submitted to Finantsinspektsioon for the relevant authorisation with the following data:

1. name of the foreign country;
2. address of the branch;
3. action plan of the branch, detailed description of the intended activities, description of the organisational structure and relationship with the establishing credit institution;
4. details of the branch manager, who must comply with the requirements of the Credit Institutions Act for the chairman of the management board, using the [Suitability Assessment Form](#).

Finantsinspektsioon may demand additional documents and information to specify and check the aforementioned details.

Processing deadline

Finantsinspektsioon informs the foreign financial supervisory authority of the submitted application **within three months** of receipt of the application or additional information and the documents requested by Finantsinspektsioon.

Finantsinspektsioon sends the motivated decision on granting or refusing the authorisation to the credit institution in writing within three months of receipt of the application or the submission of the

additional information requested by Finantsinspektsioon.

The credit institution must notify Finantsinspektsioon and the financial supervisory authority of the country of location of any intended changes to the data or documents provided for in the Credit Institutions Act (such as the action plan, the planned activities, the organisational structure, the head of the branch, the address of the branch, etc.) **at least one month** before the changes enter into force.

Establishment of a branch of a credit institution of the European Economic Area in Estonia

A credit institution of a Contracting State that wants to establish a branch for the provision of financial services in Estonia, provided that the authorisation of the credit institution of the Contracting State includes the provision of such services, notifies Finantsinspektsioon thereof through the financial supervisory authority of the Contracting State. The following information and documents must be submitted to Finantsinspektsioon:

1. the action plan of the branch which must contain data on all the financial services which the branch proposes to offer in Estonia, and a description of the organisational structure of the branch;
2. address of the branch;
3. details of the branch manager, using the [Suitability Assessment Form](#).

Finantsinspektsioon immediately informs the financial supervisory authority of the Contracting State of the receipt of the data and documents. Where necessary, Finantsinspektsioon may make, within two months after receipt of the aforementioned information, a decision which determines the requirements applied in public interests, which the credit institution must comply with in Estonia. Finantsinspektsioon promptly informs the financial supervisory authority of the Contracting State of its decision.

A credit institution of a Contracting State may establish a branch and commence operations after receiving the decision through the financial supervisory authority of its country of origin or two months after the date on which Finantsinspektsioon received the documents and information specified in the Credit Institutions Act.

If several managers are appointed for a branch, the branch may be represented by any of them, unless it is specified that the branch may be represented by the managers or by some of them jointly.

If the branch changes its action plan, the financial services provided, its organisational structure or if the contact details of the branch or the manager of the branch are changed, Finantsinspektsioon must be notified of the change of such information at least one month in advance.

Name of branch of credit institution

According to the Commercial Code, the business name of a branch of a foreign company in Estonia must consist of the business name of the company and the words 'Estonian branch'. A branch of a credit institution may add to the business name of the credit institution the name of the administrative unit in which the branch is located or any other place name.

A foreign credit institution may operate in Estonia under a business name registered in the state where it is established, if it is clearly distinguishable from other business names registered in Estonia. If there is a risk that the business name is not clearly distinguishable, Finantsinspektsioon has the right to demand the addition of a supplement to the business name.

The business name of a credit institution may not give the impression that it is another credit institution or a central bank.

Processing deadline

Finantsinspektsioon makes a decision within two months after receiving all the information and documents necessary for the establishment of the branch. Finantsinspektsioon notifies the supervisory authority of the country of location of the credit institution and the credit institution or its representative of the decision in the procedure for establishing a branch.

According to the Commercial Code, the branch of a foreign company must be registered in the Estonian commercial register. The branch of a foreign company is entered in the commercial register on the basis of an application by the branch manager, in which the data set forth by law are given and the required documents are enclosed. When the Estonia branch of a credit institution of a Contracting State is entered in the commercial register, Finantsinspektsioon's confirmation of receipt of data and documents and the decision of Finantsinspektsioon, if any, will be submitted in accordance with the Credit Institutions Act. A branch of a credit institution may be established and its activities may commence after receiving the decision of Finantsinspektsioon or after two months have passed from the date on which Finantsinspektsioon received all the information and documents specified in the Credit Institutions Act.

Processing and supervision fee

No processing fee must be paid to Finantsinspektsioon upon the establishment of a branch of a credit institution of a Contracting State. The branch of a credit institution pays the supervision fee to Finantsinspektsioon at the rate and under the conditions stipulated in the Financial Supervision Authority Act.

Establishment of a branch of a third country credit institution in Estonia

According to the Credit Institutions Act, in order to establish a branch of a third country credit institution in Estonia, the third country credit institution is obliged to apply to Finantsinspektsioon for an authorisation by submitting an application, which is accompanied by the following information and documents:

1. action plan of the branch to be established, a detailed description of the intended activities, a description of the organisational structure and relationship with the credit institution to be established;
2. address of the branch;
3. details of the branch manager, using the [Suitability Assessment Form](#);
4. the documents provided for in § 386 (2) 1), 3), 4) and 5) of the Commercial Code.

The consent of the financial supervisory authority of the country of origin of the credit institution for

the establishment of a branch in Estonia and confirmation that the credit institution holds a valid authorisation, as well as information on the size of the credit institution's own funds, capital adequacy and deposit guarantee system of the country of origin must also be submitted to Finantsinspektsioon.

The foreign-language data and documents required for the establishment of the branch must be submitted by the foreign credit institution with a translation into Estonian.

Processing deadline

Finantsinspektsioon makes a decision on granting an authorisation or a reasoned decision to refuse it within two months of receipt of the application and all the information and documents. The foreign credit institution will be informed of the decision without delay.

Processing and supervision fee

A processing fee of 1500 euros will be charged when an authorisation to establish a branch in Estonia of a credit institution registered in a country that is not a Contracting State of the European Economic Area is applied for. The branch of a credit institution pays the supervision fee to Finantsinspektsioon at the rate and under the conditions stipulated in the Financial Supervision Authority Act.

Provision of cross-border services in states of the European Economic Area

The freedom of credit institutions to provide cross-border services is based on Article 39 of [Directive 2013/36/EU of the European Parliament and of the Council](#).

According to the Credit Institutions Act, a credit institution intending to provide cross-border services in a Contracting State must notify Finantsinspektsioon of its intention and submit the following information and documents:

1. the name of the country in which the credit institution intends to provide cross-border services;
2. a description of the intended cross-border services, which must include a list of the transactions and acts specified in § 6 (1) of the Credit Institutions Act that are to be performed in the Contracting State.

When submitting the notification of the intention to provide cross-border services to Finantsinspektsioon, credit institutions use the form provided for in Annex V to [Commission Implementing Regulation \(EU\) No 926/2014](#).

Documents and data are submitted to Finantsinspektsioon in Estonian together with an official translation into the official language or one of the official languages of the Contracting State.

Finantsinspektsioon makes the decision on whether or not to send the data and documents to the financial supervisory authority of the Contracting State within one month of receipt of the information. Finantsinspektsioon notifies the credit institution without delay of its decision to forward or refuse to forward the data and documents.

A credit institution may start to provide cross-border services in the Contracting State after the data and documents have been sent to the respective financial supervisory authority by Finantsinspeksioon, taking into account the conditions provided for in the legislation of the Contracting State and provided by the financial supervisory authority of the Contracting State.

Provision of cross-border services in Estonia

A credit institution of a Contracting State that wants to provide cross-border services in Estonia notifies Finantsinspeksioon through the financial supervisory authority of the Contracting State, indicating which transactions and operations referred to in § 6 (1) of the Credit Institutions Act it intends to perform.

When submitting the notification of the intention to provide cross-border services to Finantsinspeksioon, credit institutions use the form provided for in Annex V to [Commission Implementing Regulation \(EU\) No 926/2014](#).

The credit institution of the Contracting State may start to provide cross-border services in Estonia after sending a notice to Finantsinspeksioon through the financial supervision authority of the Contracting State