



SPECIALIZED BANK LICENSE IN EU LITHUANIA

Specialized Bank regime



From the 1st of January, 2017 EU member state Lithuania introduces a new type of payment service provider – Specialized Bank.

Main features:

Initial capital 1 mln. EUR

License is valid across the EEA

Specialized bank **can provide the following services:**

- Lending (including credit agreements relating to immovable property);
- Payment services;
- Issuing and administering travellers' cheques, bankers' drafts and other means of payment;
- Receipt of deposits and other repayable funds;
- Currency exchange;
- Issuing of e-money;
- Issuing guarantees and commitments;
- Fund administration;
- Financial leasing;
- Financial intermediation;
- Creditworthiness assessment services;
- Safe-deposit box rental.

Specialized banks **will not be able**

- to provide investment services or
- manage investment, pension funds or
- be active by providing other services related to security emissions.

Such services will be a prerogative of full service banks.

Advantages of licensing in Lithuania

- All documents can be submitted in English.
- No regulatory sanctions for the first year of operations.
- R&D incentive and the 4th lowest corporate income tax in EU.
- Regulator – hands on approach.
- Forward thinking regulator – enhanced focus on FinTech.
- Proven technical capabilities relative to banking and payments.
- Proven track record in onboarding FinTech companies.



Process of licensing and incorporation

Preparation of the package of the documents for submission for the specialized bank license.

The process can **take 2-4 months** or more depending on the cooperation of the shareholders and related parties.



Selection of the management board, general manager, supervisory board, internal auditor, compliance manager, other key personnel to inform the Central Bank on selected candidates.



Submitting prepared documents of activities, business, strategic plans and other related to submission documents together with the information about the managers and shareholders of the specialized bank to the Central Bank. **License is to be granted within 6 months** after the submission of all required documents, extensions are possible. European Central Bank reviews documents and gives approval to issue a license.



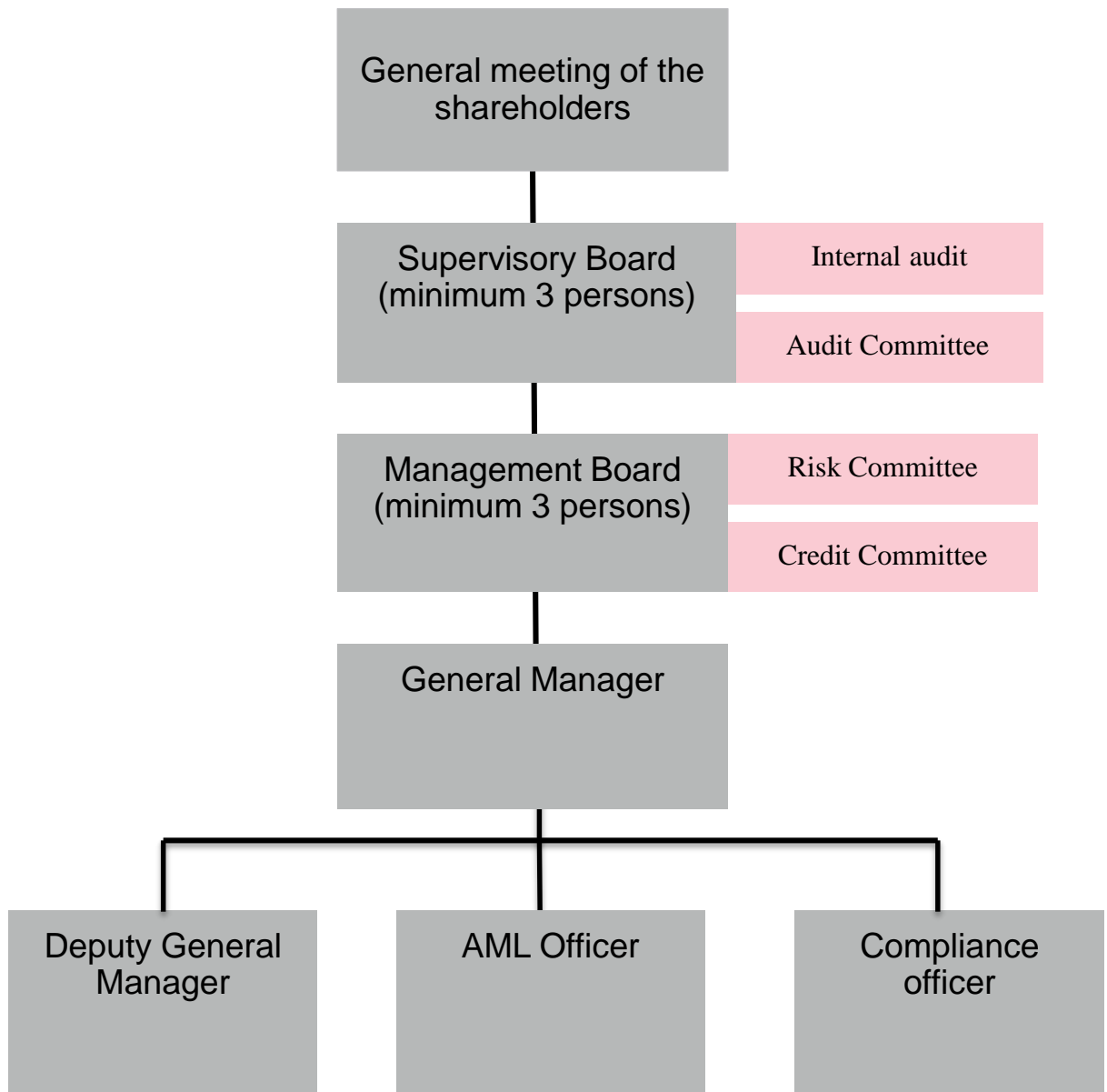
Strategic Commission formed within the Lithuanian Government needs to approve the incorporators as being compliant with the national security interests. Process takes up to 1 month and may be handled in parallel with the licensing



After getting a license, the Specialized bank is incorporated, the Bank is registered within the Register of Legal Entities. The management shall be appointed after the Central Bank approves their candidacies during the licensing process.

Registration of the company and getting a number of license should normally take 1-2 weeks after the decision of the board of the Central bank

Organizational structure of the Specialized Bank



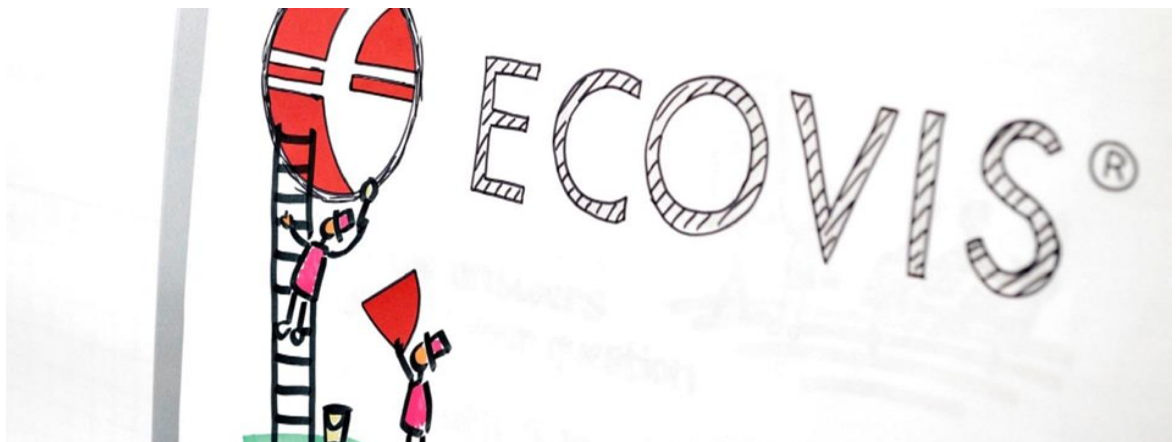
Documents submitted for application for the Specialized bank license (application)

- Draft incorporation documents;
- Documents proving formation of the capital;
- A programme of operations (based on the business plan and information from the client);
- A business plan for next 3 years with financial forecasts;
- Data on financial institutions managers, shareholders, information regarding their experience and impeccable repute;
- Descriptions of management systems, risk management, IT systems and policies; accounting system and accounting polices;
- Organizational structure profile;
- A description of the internal control system, internal audit, AML prevention, compliance, hiring, outsourcing, managing conflicts of interests, rules of accepting deposits, crediting policy and procedures, creditworthiness assessment rules, complaint handling etc.



Regulatory costs

License fee	50,683 EUR
Supervision fee	Approved every year, not more than 0,017 per cent from the average annual assets (now it is 0,0153 per cent)
Deposit insurance contribution	Maximum annual amount of contributions paid by the deposit insurance scheme participants is 0,5 per cent from the total amount of insured deposits held with the deposit insurance scheme participants
Contribution to Resolution Fund	Contributions to the Resolution Fund and contributions for administration of this fund



Have questions? Contact us



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Inga Karulaitytė-Kvainauskienė is a Partner in the Law Firm with over 15 years of experience of legal practice. She currently specialises in the fields of financial services, licensing of financial institutions. Her experience covers advising international and local companies, legal assistance on regulatory issues of the finance and communication sectors. The Partner advises local and international participants of financial markets on various issues of banking, financial services, regulatory issues and cross-border provision of services. Inga provides advice on the Lithuanian legislation including the Law on Prevention of Money Laundering and Terrorist Financing, various legal acts issued by the Bank of Lithuania as well as EU legislation and draft legislation.



Thank you

.... for your interest



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