

Q: Once authorised do I need to maintain the Initial Capital?

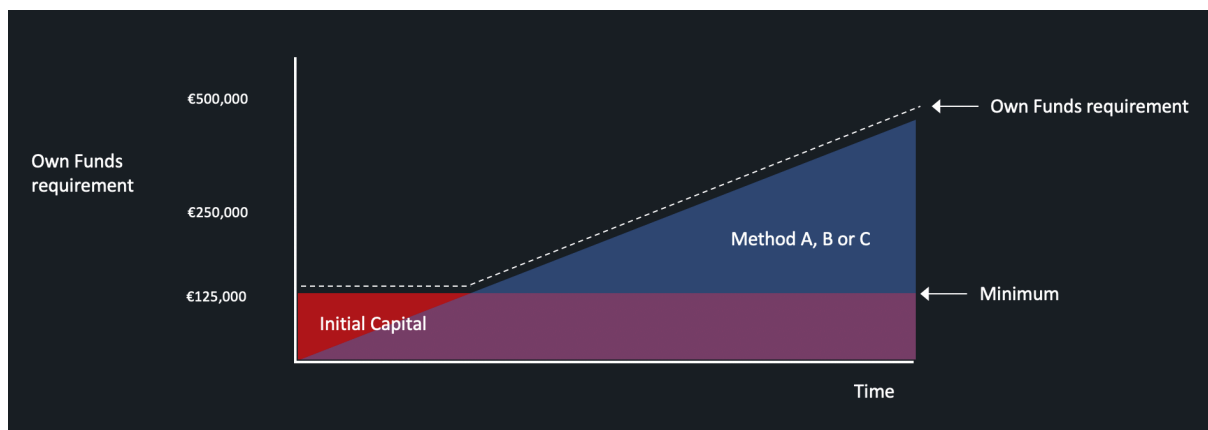
Holding the requisite amount of Initial Capital is a requirement for authorisation - it is one of the key regulatory requirements for a Payment Institution (“PI”) or Electronic Money Institution (“EMI”).

The required amount of Initial Capital differs depending on whether the firm is an EMI or a PI.

- For an EMI, the Initial Capital is **€350,000**.
- For a PI, the Initial Capital will depend on the type of payment service permissions it holds: **€125,000** for acquiring (and most other payment service permissions), **€50,000** for payment initiation services **€20,000** for money remittance.

Note that the capital requirements defined in the regulations are expressed in Euro.

Once authorized, the Initial Capital requirement represents an ongoing minimum level of capital that must be held regardless of the size of the business activities. This is illustrated in the diagram below showing how the capital requirement (or “Own Funds” requirement) for a PI incorporates the Initial Capital as a minimum level.



The red area represents the Initial Capital (e.g. €125,000 for a PI involved in ‘Acquiring’ activities) which is the minimum capital requirement. The blue level represents the capital requirement calculated under the firms chosen Method A, B or C.

The minimum Initial Capital requirement (red) must be held until it is exceeded by the calculation under the relevant Method (blue). The dotted line therefore represents the firm’s Own Funds requirement (i.e. the ongoing capital requirement that must be met by the PI).

The amount of Initial Capital therefore does need to be maintained after authorisation (and for the duration of authorisation).