

Brokerage Business.

Regulation and Licensing Challenges

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b2broker.com



b2binpay.com



b2prime.com

B2Broker.com

In-House Development SAAS Technology Systems

B2Core™

- Trader's Room & CRM
- Client's Portal
- Back Office

B2Core IB™

- Affiliate System
- Introducing Brokers Software
- Module of Partnerships Program

Mobile App

iOS & Android

- For B2Core & B2Core IB
- For B2BinPay
- For B2Trader

B2Trader™

Spot Exchange Trading Platform

- Matching Engine
- Pure Order Book
- Trading API

B2Copy™

Money Management Platform

- Copy Trading
- PAMM & MAM
- Social Trading

MarksMan™

Liquidity Hub

- Bridge to Spot Exchange
- Bridge to Perpetual Futures



since 2014

11 Offices

Dubai Limassol London Mauritius
Tbilisi Hong-Kong Tallin and others

7
licenses

320+
employees

24/7
support

B2Broker.com

White Label Trading Platforms. BAAS (Broker as a Service)



Liquidity Hubs

PrimeX

oneZero

MarksMan™

Centroid SOLUTIONS

B2Prime.com

Prime of Prime Multi-Asset Liquidity



- FOREX
- Indices
- Metals
- Commodities
- Crypto CFD

Regulation: CYSEC (Cyprus, EU), FSC (Mauritius)

Digital Assets Exchange

B2BX™

- Corporate Clients
- Institutional Clients
- Professional Clients
- USD, EUR, GBP Settlement

B2BX.exchange

Regulation:
FIU (Estonia, EU)

Digital Assets Processing

B2BinPAY™

Digital Assets Processing

- Merchants
- Enterprise
- Wallets
- Blockchain Infrastructure
- Custody Service

B2BinPay.com

Regulation:
FIU (Estonia)

Digital Banking Services

eqwire™

- Virtual IBANs
- Business Accounts
- Payment in Open Banking Environment

Eqwire.com

Regulation:
FCA (UK) AEMI License

Venture Capital Fund

B2Broker VC™

- Startups (IT & Digital assets)
- M&A Market

B2Broker.com

How it started

2008 ● **World Financial Crisis**

2009 ● **G20 Leaders Statement: The Pittsburgh Summit**

To make sure our regulatory system for financial firms reins in the excesses that led to the crisis

We committed to act together to raise capital standards and to improve the over-the-counter derivatives market

We established the Financial Stability Board (FSB) to coordinate strengthening financial regulation

We are committed to maintain the momentum in dealing with tax havens, money laundering, proceeds of corruption, terrorist financing

2012 ● **The revision of the FATF Recommendation was adopted and published in 2012**

2014 ● **The 2014 FSAP Review**

Review found that FSAPs conducted since 2009 improved in all dimensions

The introduction of RAMs has led to a more coherent discussion of risks and their likely impact

2016 ● **Panama Papers scandal**

2021 ● **Pandora archives**

Harmonisation

International Organization of Securities Commissions



- Its membership regulates more than 95% of the world's securities markets in more than 130 jurisdictions.
- The IOSCO Objectives and Principles of Securities Regulation have been endorsed by both the G20 and the FSB as the relevant standards in this area.
- They form the basis for the evaluation of the securities sector for the Financial Sector Assessment Programs (FSAPs) of the International Monetary Fund (IMF) and the World Bank.
- IOSCO seeks to build sound global capital markets and a robust global regulatory framework.

IOSCO Objectives

IOSCO members have resolved:

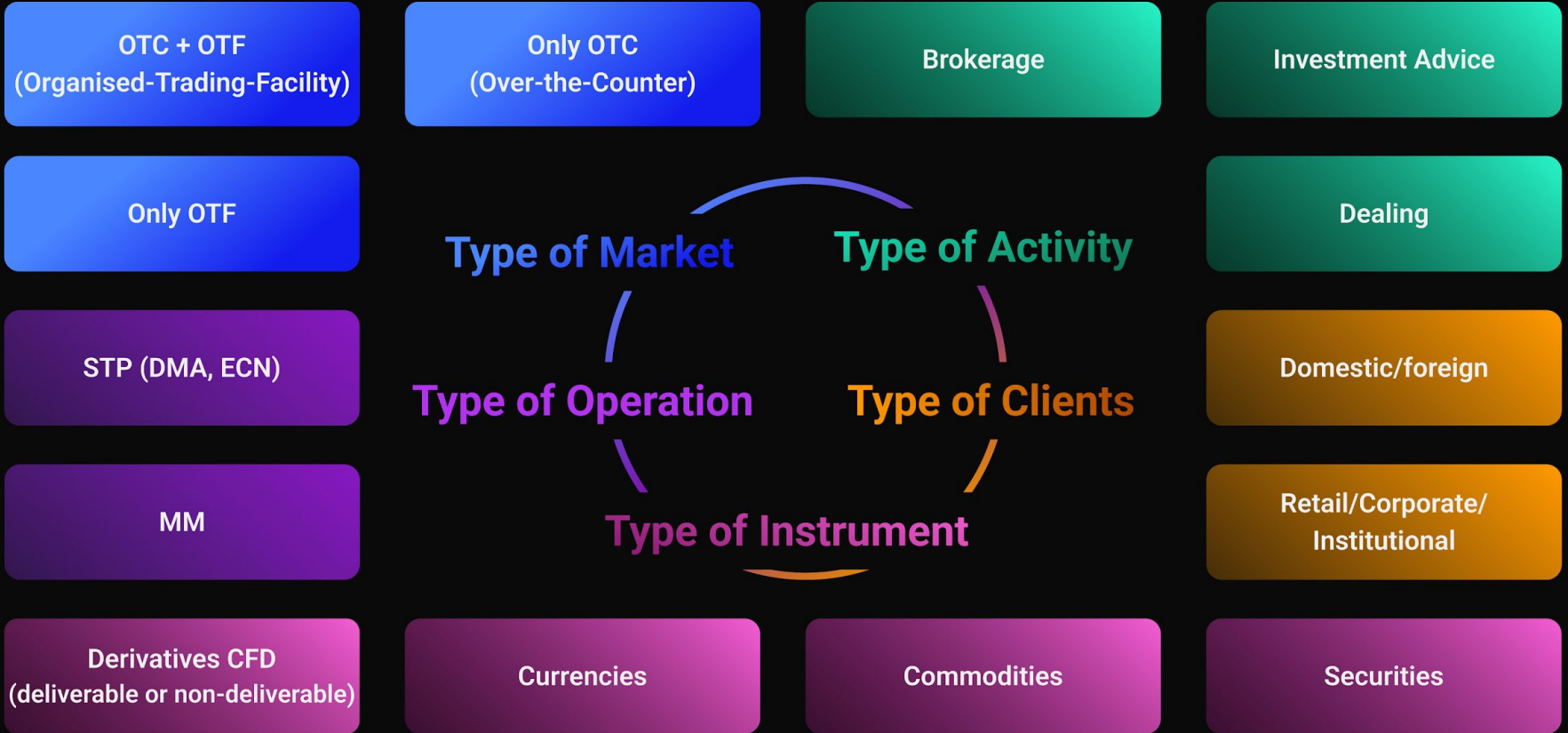
- to cooperate in developing, implementing and promoting adherence to internationally recognized and consistent standards of regulation, oversight and enforcement
- to enhance investor protection
- to exchange information at both global and regional levels

International Standards (IOSCO, IAIS, BASEL)

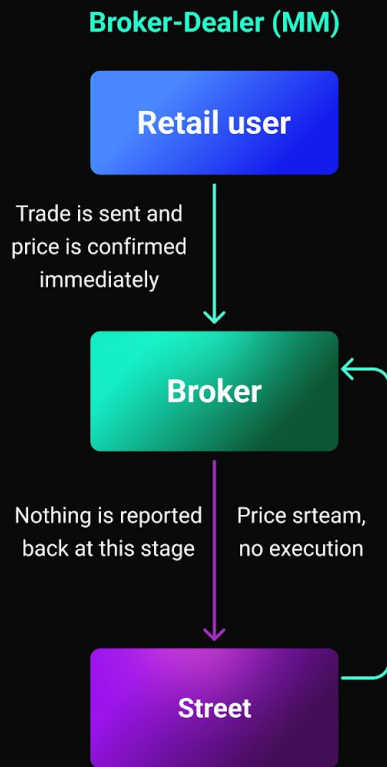
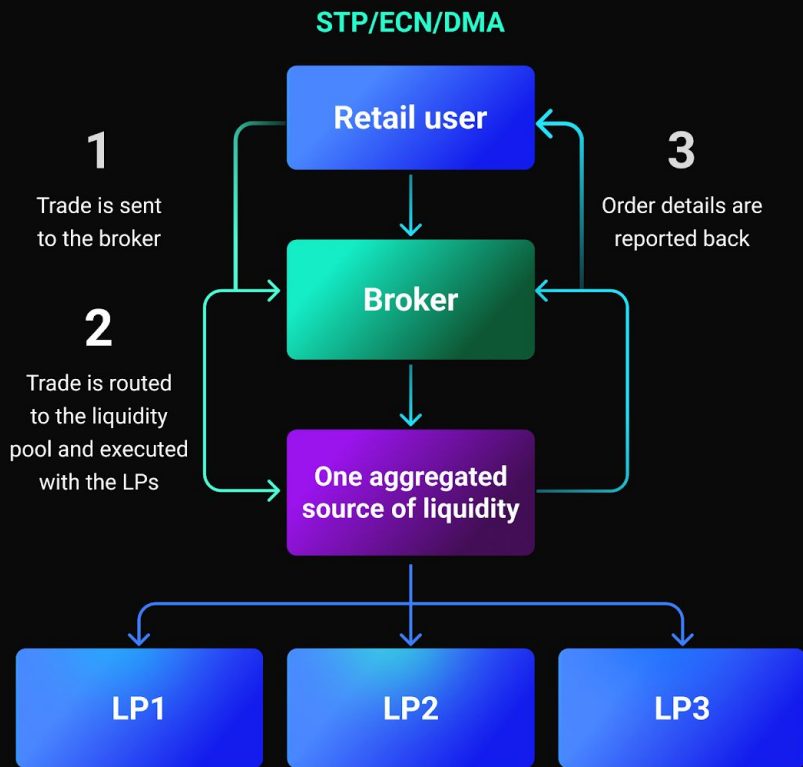
Supranational regulation (EU)

Local legislation

Classification of Licenses



Activities and Licenses



STP

often implies dealing with multiple LPs

ECN

implies aggregation of liquidity and larger tradable clips

DMA

liquidity source is known and very transparent

Member of stock exchange holds securities, FX broker gets price stream and end user understands the origin of the CFD

* But the terms are closely interconnected

Why License is Crucial for Business

Legal side

- Operating without a license may result in punitive actions
- All your advertisement are considered illegal without a license

Business side

- Prestige
- Trust of your clients and partners
- Widening possibilities of cooperation and advertisement

Operational part

- Possibility to open banking account
- Possibility to get WL
- Possibility to get LP

— Valuation and Audit report

Key Requirements (almost everywhere)

	What may be imposed	How to fulfil requirement
Capital	Minimum amount of share capital and (or) regulatory capital	Invest a sufficient amount of funds and ensure that amount does not go below the minimum limit
Management	<ol style="list-style-type: none">1. The list of designated control functions (such as Executive and Non-Executive directors, MLRO and DMLRO, Compliance, Internal Audit, IT, CFO/ Bookkeeping, Dealing, Back office and reporting2. Fit and Proper test for the persons carrying out the control functions	Hire or outsource (if permitted by local legislation) only people, who are either on a regulator's list of approved persons or who have a relevant experience and diploma
Shareholder	Financial soundness, fit and proper	Be ready to provide proof of funds (banking statement), tax declarations, criminal record and always apostile all documents you have and make at least 5 copies
Infrastructure	Back office (B2Core), trading platform (WL), client cabinet, website	Be ready to provide comfort letter from your service providers
Substance	Physical Office	Physical office is crucial for the most jurisdictions. Be ready to provide rental agreement to the regulator

Key Requirements (almost everywhere)

	What may be imposed	How to fulfil requirement
AML	KYC, KYT, KYB	Choose vendors for systems and prepare the policies and procedures
Risk management	Market risk, credit risk, liquidity risk	Choose vendors for technology and prepare policies and procedures
Information security	Personal data	In some jurisdictions you should hire a professional to ensure you are compliant with personal data regulations
Corporate governance	Board of directors, committees, record keeping	License requires some bureaucracy...
Regulatory and financial reporting	Financial statement, statistical statement, operational reports, liquidity ratios, etc	Hire a professional and ensure you have enough tech to do that
Information disclosure	Shareholders, capital, corporate rules etc	Ensure you disclose everything on a website. Do ensure check every week
External Audit	Annual Audit	Find a good firm. Ideally local

How to choose jurisdiction

1

Assess the amount of money you are ready to spend

2

Conceive your aims and priorities

Prestige, speed, complexity

3

Conduct first research by yourself

Use websites such as B2Broker.com

4

Find several possible agents

Through your service provider advices, personal connections and Internet

5

Discuss with agents your business model and certain jurisdiction requirements

6

Ask memorandum from agents

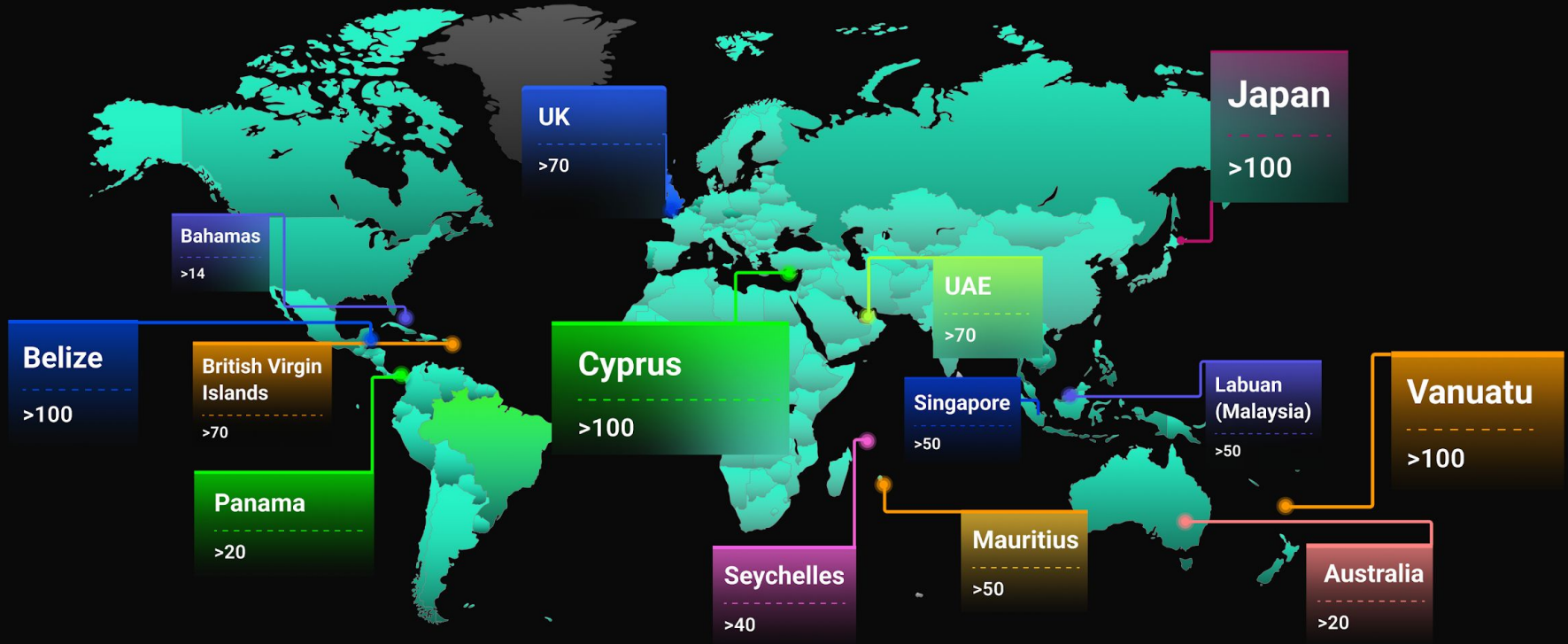
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Make a choice

Based on

- the costs,
- speed,
- complexity,
- your business model,
- possibility to open the bank account,
- your target region and local legislation

Some Popular Jurisdictions



Key Approaches to Licensing Process

Criteria	Agents and outsourcing	Agents and own team	Own team
Speed	✓	●	✗
Cost	●	✗	✓
Time to market	✓	✓	●
Risks	✗	✓	●
Control of the business	✗	●	✓
Efforts by core team	✓	●	✗
Involvement of senior management	✗	●	✓

How to Choose an Agent

Types of agents:

International
Local

Intermediary
Foot soldier

Tier A
Tier B

Checklist:

- ✓ **Website** Modern Website with disclosed legal information
- ✓ **Experience** At least 5 years in market
- ✓ **Public info** Ratings, reviews, recommendations
- ✓ **Price** Average price is the best
- ✓ **Transparency** Agents provide you with memorandum
- ✓ **Core business** Brokerage, not banks or insurance
- ✓ **Other factors** Personal recommendations, intuition

Some Tips

Conduct a full-scale research

Take a memorandum from agent prepared for you. Ask questions and demand specific responses

Use your service provider advices

Be ready to spend sufficient amount

Be Transparent

Be honest with the agent and regulator

Have patience

Every license will take some time

Choose the Infrastructure and LP wisely

Hire local compliance manager



Subscribe to our
YouTube channel



Join our
Telegram channel



Configuration by Symbol

Symbol	5%	5%	0	TINCHUB	2	28	
USDCUSD	5%	5%	0	TINCHUB	48	0	
USDCUSDT	5%	5%	1234	TINCHUB	24	30	
USDTUSD	5%	5%	777	22			
USDTUSD	5%	5%	0	0	TINCHUB	2	30
ADAUSD	0.6%	100%	2	56	AG.BNB	99.222345	123
BNBUSD	5%	5%	0	0		0	0
ETHUSD	100%	80%	0	0		100	0
ETHUSD	100%	80%	0	0	STCIBUD	0	0
AVRUSD	5%	5%	0	0		0	

Thank you!

We are here to help you grow your business

 **B2Broker**™
Liquidity. Technology.

b2broker.com Stand D4

B2Bin ™
Digital Assets Processing

b2binpay.com Stand D4